Daily Report

Latin America

FBIS-LAT-95-239
Wednesday
13 December 1995

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Daily Report
Latin America

FBIS-LAT-95-239 *13 December 1995*

CONTENTS

CARIBBEAN

Cuba

Reportage on Castro's Official Visits to SRV, Japan 1
Travels to Ho Chi Minh City *[PRENSA LATINA]* 1
Speaks Prior to Departure *[Havana Radio]* 1
Commentary Extols SRV, Socialism *[Havana Radio]* 2
Castro Arrives in Japan *[PRENSA LATINA]* 2
Thanks Japan for Embargo Policy *[Havana Radio]* 2
Calls Clinton 'Right-Minded Person' *[Tokyo TV]* 3
Interviewed on World Economy *[Tokyo TV]* 3
Meets With Japan's Kono *[KYODO]* 4
Japan's Kono Urges Democracy *[KYODO]* 4
Editorial Views U.S. Request at Immigration Talks *[Havana Radio]* 4
ANPP President Views Reforms, EU Trade Conditions *[Havana Radio]* 5
Castro Congratulates Oil Industry Workers *[PRENSA LATINA]* 5
First Vice President Closes Students' Congress *[Havana Radio]* 6
Others Speak at Congress Closing *[Havana TV]* 9
Finance Minister Millares Details New Tax System *[PRENSA LATINA]* 10
Further Millares Comments *[Havana TV]* 13
Radio Announces New Tax Program *[Havana Radio]* 14
Discussion on People's Participation in Assemblies *[Havana Radio]* 14
Officials Deny Banning Christmas Trees *[PRENSA LATINA]* 15
Commentary Views Increasing Crime Problem *[Havana Radio]* 15
Roundup of Politburo Members' Activities Through 7 Nov *[Havana TV, etc.]* 15
Roundup of Sugarcane Developments Through 10 Dec *[Havana TV, etc.]* 16
Roundup of Economic Developments Through 12 Dec *[Havana Radio, etc.]* 17

Haiti

Candidate Jeune's Home Attacked by Armed Individuals *[Port-au-Prince Radio]* 18
Candidate's Home, Oil Factory Attacked *[AFP]* 19
CEP, UNMIH, Police Reassure Candidates, Voters *[Port-au-Prince Radio]* 19

MEXICO

PRD's Cardenas Files Lawsuit Against Carlos Salinas *[LA JORNADA 11 Dec]* 20
PAN Announces Position on Former President Salinas *[Mexico City TV]* 21
Estimate: 1.5 Million Jobs Lost, Salaries Drop *[NOTIMEX]* 21

CENTRAL AMERICA

El Salvador

President Applauds Police Inspector General Report *[San Salvador Radio]* 23
Public Security Minister on 'Leftover' FMLN Weapons *[San Salvador Radio]* 23

Guatemala

President: Opportunity To End Armed Conflict Lost *[PRENSA LIBRE 10 Dec]* 23

Nicaragua

Authorities Uncover Illegal Arms Shipment From Miami *[EL NUEVO DIARIO 12 Dec]* 24

Liberal Party President on Electoral Strategy *[BARRICADA 4 Dec]* 24

Panama

President Warns Against Opposition Within PRD *[EL PANAMA AMERICA 12 Dec]* 26
Legislators Discuss Approval of 1996 Budget *[Panama City TV]* 26
Daily Questions Whether Nation Ready To Receive Canal *[LA PRENSA 12 Dec]* 27

SOUTH AMERICA

Argentina

Vice Minister Denies U.S. Made Threat on Patent Law *[TELAM]* 28
Envoy to U.S.: Ties 'Could Not Be Better' *[TELAM]* 28
Strategy Behind Fishing, Oil Accord With UK Viewed *[NOTICIAS ARGENTINAS]* 29
Economy Minister Departs for Madrid 12 Dec *[NOTICIAS ARGENTINAS]* 30
Lower House Defense Committee Official on Arms Case *[NOTICIAS ARGENTINAS]* 30

Brazil

DEA Agents Reportedly Operating 'Illegally' *[JORNAL DO BRASIL 9 Dec]* 31
Cardoso Views 'Pink File' Case Prior to PRC Visit *[AGENCIA ESTADO]* 31
President Discusses PRC Cooperation Protocol *[Brasilia Radio]* 32
Further Reportage on Sivam Amazon Survey Project 33
Radars Operated by U.S. Technicians *[JORNAL DO BRASIL 8 Dec]* 33
Spokesman: U.S. Radars 'Normal' *[JORNAL DO BRASIL 9 Dec]* 33
Report Conclusions Announced *[JORNAL DO BRASIL 8 Dec]* 34
Project To Focus on Colombian Border *[JORNAL DO BRASIL 10 Dec]* 34

Chile

Former Carabineros Chief Sentenced to Prison for Murder *[Madrid EFE]* 35
Minister: Stance of Mercosur Members 'Inflexible' *[Madrid EFE]* 35
Trade Talks With NAFTA, Mercosur, EU Viewed *[EL MERCURIO 11 Dec]* 36

Colombia

President to U.S. Attorney General: No Extradition *[Santa Fe de Bogota TV]* 36
Strategy To Reach Inflation Goal Discussed *[EL ESPECTADOR 2 Dec]* 37
Lora: Look Beyond Short-Term Indicators *[EL ESPECTADOR 2 Dec]* 37
Lora on Inflation, Growth Projections *[EL ESPECTADOR 3 Dec]* 38
Rural, Urban Unemployment Figures Examined *[EL TIEMPO 4 Dec]* 39

Ecuador

Interior Minister Rules Out Prosecution of President *[Madrid EFE]* 41
Supreme Court Head on Attempt To Destroy Account Data *[Quito Radio]* 42
Former Bank Official Fears 'Reprisals' Over Dahik Case *[Quito Radio]* 42
Officials Seek Investigation 'Delay' on Dahik Case *[Madrid EFE]* 42

Peru

Paper Reports Arrest of MRTA Members in Bolivia *[Madrid EFE]* 43
Minister Views Reports on Ecuadoran Arms Purchases *[Lima TV]* 43

Venezuela

Defense Minister: Armed Forces 'Apolitical' *[Caracas TV]* 44
Ministry: Issues With Colombia To Be Settled Bilaterally *[Caracas TV]* 44

Cuba

Reportage on Castro's Official Visits to SRV, Japan

Travels to Ho Chi Minh City

PA1212185295 Havana PRENSA LATINA in Spanish 0511 GMT 12 Dec 95

["Pool" item]

[FBIS Translated Text] Ho Chi Minh City, Vietnam, 12 Dec (VNA-POOL) — On the third day of his friendly and official visit to Vietnam, Cuban President Fidel Castro met with Nguyen Van Linh, counselor of the Central Committee of the Communist Party of Vietnam (CPV).

Castro expressed happiness and emotion for his being back in Vietnam to witness the accomplishments of the Vietnamese people in carrying out their task toward recovery under the CPV leadership.

Castro stressed his conviction that this current and second visit to Vietnam would promote friendship, brotherhood, and cooperation among the Communist parties, states, and people of both countries.

Former CPV Secretary General Nguyen Van Linh expressed his gratitude for the valuable help and support that the Cuban Government and people had provided to the Vietnamese Revolution.

He expressed his pleasure with Cuba's positive changes and also expressed his confidence that, under Fidel's leadership, the Cuban people would overcome its difficulties and would achieve total victory.

Castro's meeting with Nguyen Van Linh took place after the Cuban leader arrived in this large metropolis in southern Vietnam, where local authorities and residents warmly welcomed him at the Tan Son Nhat airport.

Vo Tran Chi, CPV committee secretary in Ho Chi Minh City, Mayor Truong Tan Sang, and Le Khac Binh, president of the Urban Committee of the People's Organization Before the Fatherland, held a reception honoring the Cuban delegation that arrived in Hanoi last Friday.

Speaks Prior to Departure

PA1312031295 Havana Radio Havana Cuba in Spanish 0000 GMT 13 Dec 95

[Report by special correspondent Isidro Fardales from Ho Chi Minh City, SRV; from the "Evening Information Review" newscast]

[FBIS Translated Text] President Fidel Castro's official four-day visit to Vietnam ended on Tuesday morning here in Ho Chi Minh City. Shortly before take-off, the president offered the Cuban press his latest statements while at the foot of the airplane steps, just before leaving Vietnamese soil.

[Begin Castro recording] I want to give an enormous and infinite embrace of gratitude and recognition to the hospitality and the attention we have received.

Attending the farewell at the Tan Son Nhat International Airport, were Vo Tran Chi, secretary general of the Communist Party of Vietnam [CPV] in Ho Chi Minh, Mayor Truong Tan Sang, and People's Council President Phan Chanh Truc. Also present was Cuban Ambassador to SRV Tania Maceira and Consul General Cicilia Fernandez.

At the same airport in Ho Chi Minh City, Vo Tran Chi, CPV committee secretary in Ho Chi Minh, visibly moved, gave these statements right at the moment the Cubana Airlines plane was taking off at 1135 local time.

[Vo Tran Chi recording in Vietnamese with translation into Spanish] I feel so happy over this visit. For the party, government, and people of Ho Chi Minh, this is a very special visit when compared to so many other visits that we have received. Fidel and the Cuban people are like twin brothers. Just like all our people, our leaders, the People's Party, I feel, we feel, a great admiration for Comrade Fidel Castro. We love him very much simply because he has given his entire life to his people's cause, for the independence and sovereignty of his people. [end recording]

This is how this successful visit to the SRV concluded, covered greatly by the national Vietnamese press, which every day reported on the Cuban president's statements and actions during his visit here.

Vietnamese television gave varied daily reports on Cuba and about the top Cuban leader. The foreign press also followed closely this visit by the Cuban president and expressed to me their pleasure on the possibility of being and working so close to Fidel Castro. According to what they themselves said, they would have liked to have had the opportunity to talk to the Cuban president, but not even the Cuban press covering his visit managed this because of the busy agenda.

This second contact with the Vietnamese people after 22 years was of great satisfaction for Fidel Castro. He, like us, was able to appreciate to fraternal love the sister people of Vietnam profess for him, who accompanied him during his stay in this heroic Indo-Chinese nation of more than 2,000 years of struggle against foreign aggressors.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The day he arrived in Hanoi, on 8 December, CPV Secretary General Du Moi told him at his first meeting: The people of Vietnam anxiously await you, commander.

We witnessed this wait and the tribute given to the top Cuban leader. Castro was the recipient of all the love the Vietnamese people feel for the Cuban people. Every moment they reminded Castro the historic phrase: For Vietnam we are even willing to give our very own blood.

Here, in contact with this heroic people of more than 4,000 years, we were able, after learning its historic struggle, appreciate more than ever that saying by the beloved and always remembered Ho Chi Minh: There is nothing more precious than independence and liberty.

Commentary Extols SRV, Socialism

PA1212022895 Havana Radio Rebelde Network in Spanish 1800 GMT 11 Dec 95

["Point of View" commentary by Orlando Contreras; from the "National Radio News" newscast]

[FBIS Translated Text] When Leonardo da Vinci dreamed up the helicopter, objective conditions for building one did not even exist, not even to imagine one, despite the fact that life has already shown that creative imagination has no limits and art has a certain capacity to reach ahead of its time.

When Jose Marti spoke to us of the land of the people of Annam [Anamitas] in the golden era, in America, virtually no one knew of an extraordinary people who existed in remote Asia. The apostle's intuition familiarized us early on with the life of that people of such prolific values, whose history is a handsome example of its struggle for independence and liberty.

The Vietnamese are today demonstrating that socialism is not only possible but necessary to build a fairer society, according to its own culture and heritage, and open to man's infinite creative possibilities.

Definitively Marx, who knew something about Marxism, rejected that his basic texts be followed or strictly adhered to as if sacred and ironclad. Instead, he thought they should be used as a guide for action.

Fidel was in Vietnam 22 years ago and visited liberated zones that culminated in the victory of that people against the world's largest military power.

He has now returned, when Vietnam, under the leadership of its communist party, has carried out its goal, not only of rebuilding what was destroyed by more bombs than were dropped during World War II, but of advancing with a sure step in the development of a unified and independent nation. Hence, the emotion felt and the gratitude toward the Vietnamese people and leaders for their beloved friendship and solidarity, which is a tribute to the creator of the condition of its people — Ho Chi Minh, whose dreams are coming true.

Fidel's speech during the official reception is a tribute to the heroism and creative capacity of the Vietnamese. Only countries that resist through socialism alone, using intelligence, the heart, and the creative spirit, are capable of introducing new things, which not only will save socialism, but will perfect it and make it triumph.

Castro Arrives in Japan

PA1212145195 Havana PRENSA LATINA in Spanish 1330 GMT 12 Dec 95

[FBIS Translated Text] Tokyo, 12 Dec (PL) — President Fidel Castro arrived at Narita Airport in this capital city today. This is the first leg of his return trip to the island, after concluding official visits to the PRC and Vietnam.

The Cuban leader arrived at the airport at 1910 (1210 GMT) and was received by T. Sato, the director general for Latin America of the Japanese Foreign Ministry, and Deputies Hiroshi Mitsuyuka and Furuya, president and secretary general, respectively, of the Japan-Cuban Friendship Parliamentary League.

At the Nikko Hotel, where the Cuban delegation is staying during their brief stay in Japan, Fidel was greeted by the board members of the Japan-Cuba Economic Conference, Messrs. Kawai of the Komatsu Company; Tsuchiya of the Nisso Iwai Company; Kai of Nippon Steel; and Nakaya, executive director of the latter company. The Japanese businessmen met briefly with the Cuban head of state.

Thanks Japan for Embargo Policy

PA1312020095 Havana Radio Havana Cuba in Spanish 0000 GMT 13 Dec 95

[FBIS Translated Text] President Fidel Castro thanked Japan for not endorsing the embargo that the U.S. Government has been imposing on the island for more than 30 years or voting in the United Nations to maintain Washington's aggressive policy against the island.

Speaking for the leading Japanese television networks, Castro said there are friendly, diplomatic, and commercial relations between Cuba and Japan — the kind of relations that two sovereign and independent countries should hold.

Castro, who will meet with Japanese Prime Minister Tomiichi Murayama and Foreign Minister Yohei Kono in a few hours, said the talks have no agenda. Castro

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

showed appreciation for the summit meeting because it was proposed by the Japanese leaders, who are currently very busy discussing the national budget.

Since he arrived in Tokyo from Vietnam, Castro has conducted an intensive program of meetings and interviews with lawmakers, government officials, and businessmen with whom he has discussed many subjects. Most of them are aimed at improving relations between Japan and Cuba.

Calls Clinton 'Right-Minded Person'

OW1312025095 Tokyo NHK General Television Network in Japanese 2209 GMT 12 Dec 95

[Report on an "exclusive" interview with President Fidel Castro by an unidentified NHK reporter at a hotel in Narita City on 12 December; from the "NHK News" program; Castro's recorded comments in Spanish with superimposed translation into Japanese]

[FBIS Translated Text] President Fidel Castro set foot in Japan last night for the first time. In an exclusive interview with NHK, the president stressed that his country would further promote its economic liberalization program modeled after the PRC's and SRV's liberalization plans. Asked about his impression of Japan, he said:

[Begin recording] [video shows Castro seated, facing NHK reporter] Japan is a super developed country. This nation is more developed than I thought.

President Castro is unofficially visiting Japan on his way home from the PRC and SRV to refuel his exclusive jet. Soon after he arrived at Narita Airport on 12 December at a little past 1900 PM [1000 GMT], he granted an exclusive interview to NHK at a hotel in Narita City.

During the interview, he noted that the PRC and SRV were also promoting economic liberalization to get through their economic crises and had attained satisfactory results. He then stressed that his country was prepared to further promote its economic liberalization program modeled after the PRC's and SRV's liberalization schemes. However, he reiterated his policy of adhering to the principles of socialism.

[Castro] Cuba is taking a course of making its socialism more effective and perfect. I would like to make our socialism perfect. I have no intention of abandoning socialism.

He highly evaluated U.S. President Bill Clinton's fight at the Congress against the Republicans' attempt to reduce the social welfare budget. He also indicated that he would support President Clinton's reelection.

[Castro] I think President Clinton's progressive policy, and being a right-minded person, is more favorable than the ultra-right forces' in the United States.

Moreover, the president said that although his visit to Japan was unofficial this time, he would discuss various topics, including bilateral and international issues, during talks with Japanese government officials slated for today. Although President Castro in military uniform is familiar to us, he appeared in suit during the interview.

[Castro] I will wear a suit during my stay in Japan. I will change into a military uniform on my way home on the exclusive jet. [end recording]

President Castro is scheduled to meet with Foreign Minister Yohei Kono this afternoon. Arrangements for a meeting between the president and Prime Minister Tomiichi Murayama are also being made. He will leave Japan in the evening.

Interviewed on World Economy

OW1312033895 Tokyo ASAHI Television Network in Japanese 2130 GMT 12 Dec 95

[Report on "exclusive" interview with President Fidel Castro by an unidentified ASAHI reporter on 12 December; place not given — Castro's recorded comments are in Spanish with Japanese subtitles; from the Asahi News program, monitored in progress]

[FBIS Translated Text] ...President Castro is reportedly tired and has a cold, but he looked very healthy for a 69-year-old man. He stepped down from the ramp sure-footed and was received by Hiroshi Mitsuzuka, former Liberal Democratic Party secretary general.

During an exclusive interview with Asahi Television Network, President Castro said the world will move on to the market economy system and will not be divided into two poles like during the East-West Cold War.

[Begin recording] [video shows Castro seated facing reporter] Since the East-West Cold War has ended, I expect that the world will not be divided into two poles. In the end, the world will become multipolar. Nations will struggle over markets. It is already the reality — this struggle has already started.

In this way, President Castro explained his view on the present era, characterized by the deterioration of socialism and the predominance of the market economy.

President Castro also expressed his positive stand on promoting Japan-Cuban exchanges in baseball.

[Castro] Although we are short of foreign currency, we cannot export our national team to Japan. But if

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Japan needs more players, we will train players in Cuba and dispatch them to Japan. I did not know that Japan wanted Cuban players so much. I will do my best to enable them to play [baseball] in Japan. [end recording]

President Castro plans to meet with Foreign Minister Kono early this afternoon, and with Prime Minister Murayama early this evening. He also plans to make a tour of Tokyo.

Meets With Japan's Kono

OW1312055495 Tokyo KYODO in English 0540 GMT 13 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 13 KYODO — Foreign Minister Yohei Kono on Wednesday [13 December] urged President Fidel Castro to turn his communist nation into a more democratic society, a ministry official said.

"I am firmly convinced that real freedom should naturally include freedom of choice," the official quoted Kono as telling the Cuban leader.

The remark signals Kono's desire to see Cuba discard its system of single-party rule and introduce a democratic multiparty system, the official told reporters.

Castro arrived in Japan on Tuesday on his way home from China and Vietnam. It is the first time the Cuban president has set foot in Japan.

Japan's Kono Urges Democracy

OW1312064195 Tokyo KYODO in English 0614 GMT 13 Dec 95

[FBIS Transcribed Text] Tokyo, Dec.13 KYODO — In a 30-minute talk with Kono, Castro said he has long striven to ensure the Cuban people's welfare and their human dignity, according to the official.

"Otherwise, our revolution could not have survived till today." Castro came to power in 1959.

Castro also sought Japan's cooperation in having the United States lift its economic blockade of Cuba.

Kono replied that it should not be so difficult for Cuba to improve ties with the U.S., saying Cuba's further consideration of human rights will be a key.

The president sought Japan's understanding of Cuba's abstention from a vote on a U.N. resolution calling for early removal of the "enemy clause" from the U.N. Charter.

The U.N. General Assembly adopted the resolution Monday by a vote of 155 to none, with three abstentions — North Korea, Libya and Cuba.

Castro said Cuba's abstention was simply due to procedural problems and was not an expression of an unfriendly attitude toward Japan.

Kono said both countries should deepen mutual understanding so as not to cause unnecessary friction between them, the official said.

Kono and Castro did not go into discussion of Cuba's accumulated debt to Japan or Japan's anticipated readiness to extend a grant in aid to Cuba, the official said.

Castro will confer with Prime Minister Tomiichi Murayama later Wednesday. He will leave Thursday morning and return home after a brief stopover in Canada.

Editorial Views U.S. Request at Immigration Talks

PA1012163295 Havana Radio Havana Cuba in Spanish 0000 GMT 3 Dec 95

["Station editorial" from the "Evening Information Review" newscast]

[FBIS Translated Text] Not much went on at the fifth round of immigration talks between the United States and Cuba, held this week in New York. However, it was learned Washington asked Cuba to lower the price for the legal paperwork permanent emigrants must carry out to leave the country.

Currently, $750 is charged for services involving the issuing of passports, medical tests, marriage or divorce certificates, and academic certificates — an amount the U.S. Government considers excessive. The reality is that those documents and paperwork are required by the Government of Washington as a precondition the permanent emigrants must fulfill. These are not demands from Cuba to the persons leaving the country, and said paperwork puts an additional workload and exigencies on Cuban authorities.

In a news conference held after the conclusion of the talks, Ricardo Alarcon, head of the Cuban delegation, stated that for Cuba, as a result of the economic blockade the U.S. Government has imposed on the island, it is more expensive than for any other country to purchase the reagents to carry out those medical tests. In addition, it is an expense caused by a small number of people that must not be paid for by a population of over 11 million people.

While these exigencies are made from the Government of Cuba, everything possible is done to inflict upon this country serious economy damage by tightening the commercial and financial blockade, which has already cost this country over $45 billion.

Alarcon stated that the most Cuba would receive from that paperwork would not exceed $15 million, an

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

amount contributed by one single tourism hotel in an operations area. He did not rule out, however, the possibility to examine exceptional cases arising in the process.

Regarding the U.S. intention to add other criminals to the list of outcasts which includes undesirable individuals who emigrated to the United States several years ago through Mariel Port, Alarcon rejected it flatly. He remarked that in 1984 Cuba and the United States signed an agreement to the repatriation of 2,746 of those individuals, which has been gradually fulfilled. To try to return now any Cuban emigrant who commits an offense in the United States is something that can be considered unfair and immoral. In this context, Ricardo Alarcon recalled that the United States has never agreed to extradite to Cuba the thieves and murderers of the Batista tyranny who were accepted by U.S. authorities following the victory of the Cuban Revolution, who today live peacefully in that country.

The U.S. Government should not expect a positive response from Cuba regarding what permanent emigrants must pay, if it still maintains a stiff blockade lasting 35 years. Additional measures adopted by President Clinton in 1994, when there was a massive exodus of rafters to the U.S. territory, have not been repealed or reduced. This exodus was caused by the U.S. policy stimulating illegal emigration. Said conditions make it unadvisable for the Cuban part to introduce any changes.

ANPP President Views Reforms, EU Trade Conditions

PA1212152195 Havana Radio Havana Cuba in Spanish 1300 GMT 7 Dec 95

[From the "Morning Information Review" newscast]

[FBIS Translated Text] Ricardo Alarcon, president of the National Assembly of the People's Government, ANPP, said in Havana that Cuban citizens have favorably received the economic reforms thanks to the government's work in securing social consensus and to the existence of a political system that involves everybody in the decision-making process.

In closing a seminar on the links between the EU and Cuba, Alarcon said that the island has not yet overcome the so-called special period but there are factors that allow us to look at the future with optimism. The seminar was attended by politicians, bankers, businessmen, as well as by local and European personalities.

Regarding an eventual cooperation agreement between Cuba and the EU, Alarcon said that the island will not accept any political conditions and that any dialogue to reach a pact of that nature must be based on mutual respect.

For four days, Cuban and European representatives analyzed the island's economic characteristics and the possible future of foreign investments. The meeting was set to promote commercial ties with the EU countries.

Castro Congratulates Oil Industry Workers

PA1312012695 Havana PRENSA LATINA in Spanish 2354 GMT 9 Dec 95

[FBIS Translated Text] Havana, 9 Dec (PL) — President Fidel Castro has sent a message congratulating workers of the Oil Drilling and Extracting Enterprise of Central Cuba (EPEPC) for producing one million tons of crude in 1995.

The accolade by the Cuban leader, who is currently visiting several countries in Asia, was conveyed by Carlos Lage Davila, executive secretary of the Council of Ministers, during a ceremony held today at the headquarters of this organization in the western city of Matanzas.

In a brief speech, Lage stressed the significance of this accomplishment for the economy by pointing out that the amount of hydrocarbon extracted from here generates one third of the electricity used in Cuba and practically guarantees the total production of cement, as well as asphalt mixture and raw materials used by numerous industries.

Lage emphasized that not only did the producers of crude in central Cuba obtain a considerable increase in production, but they also increased their level of productivity, since they reduced costs and boosted efficiency in their work. He also described the enterprise as one of the nation's leading enterprises to revert the trend of economic contraction.

To this effect, the ranking official stressed the "enormous moral and revolutionary resources" of the Cuban workers.

EPEPC Director Marcos Aguilera emphasized that one million tons represents a victory for the entire group, and thanked those who helped achieve it, including the representatives of foreign companies.

Carlos Lage unveiled a plaque commemorating the occasion, and the enterprise received, from the Cuban Workers' Federation, a banner exalting their labor heroic deed. This is the second time the EPEPC earns this honor.

After the abrupt decline in the oil shipments coming from the former Soviet Union — which surpassed 10

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

million tons annually, Cuba began to give priority to the prospecting and extraction of domestic oil, one of the first areas opened to foreign investment.

First Vice President Closes Students' Congress

PA0912173295 Havana Radio Rebelde Network in Spanish 2105 GMT 7 Dec 95

[Speech by First Vice President General Raul Castro Ruz at the closing ceremony of the Ninth Congress of the Federation of Secondary School Students at the Convention Center in Havana; date not given — recorded]

[FBIS Translated Text] Esteemed guests and delegates to the Ninth Congress of the Federation of Secondary School Students [FEEM]:

The quality of the congress, the frankness, depth, and clarity with which each issue has been discussed, from the startup to this final stage, facilitate my objective of being consistent with the brilliant examples of brevity set by Fidel in his latest interventions, although I am well aware that he, as Che rightly stated in one of his columns, is an unparalleled orator, regardless of whether his speeches are long or short.

Our commander in chief's current visit to the PRC, the important results of which all Cubans are savoring with happiness and legitimate pride, has deprived you of having him here with you, but his absence has given me the privilege of sharing these unforgettable days with you. Fidel has said the marvel of the eighth congress was unsurpassable. Because he is not here to witness the emotional climate of enthusiasm and to value the depth of the analysis, the alert firmness to face challenges, which has characterized this event, we will say this Ninth Congress has been, at least, as unsurpassable as the eighth. [applause]

We have seen new faces on this occasion. The people who participated in the previous congress four years ago are now workers or university students, thanks to the indefatigable energy of the revolution.

The 275,000 FEEM members entered the organization in the years that elapsed since the eighth congress. Those years have really been hard ones. They were as hard and difficult as Fidel warned the delegates of that superb meeting they would be. At that time, Fidel heard each position with attention. He clearly described the country's difficult economic situation, pointed out the accomplishments and mistakes of the student organization, and broached, with absolute frankness, sensitive issues such as the need to change our concepts regarding manual and intellectual work. His suggestions and fair criticisms have guided FEEM's work during this entire period and have decisively contributed to the achievements the organization can present.

The congress was a free exchange of ideas between comrades in struggle. It was yet another proof of the revolution's unalterable confidence in the young people, convinced that it would be impossible without their drive to get out of the complicated situation that suddenly came upon us. This situation compounded the effects of the old and criminal blockade of our enemies with the unexpected disappearance of friendly regimes with which we shared ideals and efforts and on which we based our basic, economic, and commercial relations.

The generation you represent particularly felt the brutal change in the people's living conditions due to the abrupt fall—it happened within a time span of months—of 80 percent of our foreign trade with the disintegrated Soviet Union and the rest of the countries of the dissolved European Socialist Community.

You were born at a time when the revolution, after defeating all the difficulties and dangers of its initial years, was able to reach many of its basic aspirations regarding our people's well-being. We are not referring to the alienated consumerism a few developed countries are constantly shoving down our throats but, rather, to the capability of satisfying, together with the basic material and spiritual needs, the desire to adjust in accordance to the changing trends that arise in time, the thirst for a varied recreation to quench part of the infinite energies of the young, and many other wholesome and just aspirations. We have not relinquished our aspirations to provide you with such benefits, and we will achieve them in the measure we work harder and more efficiently.

None of you personally experienced the extreme scarcities or the difficulties of the early years of the revolution and, much less, the terrible inequalities and injustices capitalism planted in our fatherland. The childhood and adolescence stage of the youth of your generation evolved in a period in which our desires, even regarding education, transcended our realities, and we began to believe that to study a career, as you discussed here, was more a matter of personal dreams than the possibilities of society.

That is why the responsibility, stoicism, and determination with which you have faced this phase is doubly meritorious. You have been more understanding and responsive than some people who were much older but who, apparently, have caught the sickness of historical amnesia. We have once again witnessed that this is a revolution of young people, where the students have not renounced the vanguard position. If we have to mention

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

one reason for our invariable confidence in our victory, it is undoubtably the energy with which this generation has overwhelmingly rejected the label of victim of the special period and the one of poor boys, which several people have tried to hang on them, with good or bad intentions.

You have shown an extraordinary maturity when you responded, together with all the people, as heroes in one of the battles of our fatherland — perhaps the biggest and most decisive one — for its independence and future. You have shown a total willingness to share the efforts, risks, and difficulties with your elders and also exercised the right, this responsible attitude granted you, of criticizing what is going badly and demanding that we progressively do things better.

This exemplary mass behavior at such an early age can only be explained by the enormous challenges the revolution has had to face.

The congress has discussed core issues thoroughly, especially the peremptory need to continue developing a producers' mentality. We need to get a large part of our youth trained as qualified workers, especially in agriculture polytechnic institutes, and to greatly increase the social recognition to those who create wealth with their hands. The change observed in secondary school enrollment figures, in favor of polytechnic studies — as reflected in the composition of this same congress — evidences how much we have advanced in this sector, although there is still a long path to traverse.

We also studied ways to eliminate the formalisms that still exist and increase more awareness in the need to have mass and effective participation in the student work brigades. We have seen how the delegates broached, with mature consideration, issues as important as the need to combat pseudo—intellectual tendencies and academic shams, to increasingly have graduates who are better trained so that the ones who enter the university are those who, due to the firmness of their knowledge and their extensive training, can really render a greater service to the country.

Attention was also given to the role of the FEEM in the movement of monitors, the contests of knowledge, and the promotion of culture and sports. I was pleased to see you analyze how the organization can and must do much more in all those fronts as well as in the patriotic, military, and internationalist education, which is of irreplaceable value in the training of new generations. You discussed ways to get young people to responsibly comply with their defense duties, to elevate their understanding of the need — more present today than ever — of the required military training which, as you know, is in the process of improvement currently.

The congress, in our opinion, has shown that even if there are deficiencies and problems in the practical work and there is still a way to go to be able to say that Fidel's policies have been met, this generation fully understands the responsibility that lies on its shoulders, is totally aware of its important commitment to the fatherland's glorious past and its present struggle but, more especially, with its future in which you will be the main actors.

The historic task of the generation you represent does not end with surmounting the special period, a phase that is very difficult and heroic, but circumstantial in our society. You will accomplish the prime of your potentialities at the gateways to the third millennium and, thus, must try hard to attain training that can stand up to the cultural, technological, and scientific challenges that this entails. The extraordinary demonstration of talent, creativity, and deeply felt patriotic and revolutionary spirit, which we have seen in this congress, shows, once again, that the most precious wealth of our fatherland is its people, especially its exemplary youth.

The ability to resist, the inventiveness, and the tangible results obtained with huge sacrifices by our people in these four years have been so extraordinary that many have been left flabbergasted, particularly abroad, but also certain people who are poor in spirit and who made a mistake as they measure everybody else however they please.

When the socialist arena disappeared and the Soviet Union disintegrated, the world was wondering how long we would be able to withstand this huge blow. Our enemies, intoxicated with euphoria and premature boasting, believed that nothing more than a little push was necessary for us to fall for good. Cuba's dignified resistance during these years has made them change their expectations.

Nowadays, people abroad are no longer discussing whether we will disappear or not; rather, they discuss how long we will need to fully recover ourselves. This reality triggered a visceral hate and a practically hysterical despair, along with certain signals of more rational positions, as the reactionary elements that amazingly abound in Yankee policies. This hate is shared, without blushing, by certain people who were born by mistake in this land and who are currently dreaming in Miami about imposing a new Platt Amendment on us.

Without renouncing a single pressure tactic against the revolution in all dimensions, they are now seeking more subtle ways to demolish us, especially through an ideological softening [reblandecimiento] and by counting on some people's political naivete. I must tell you that, despite the constant fiascoes sustained during

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

the first years of the revolution, they focus their efforts on the youths, especially on the students.

We are not idealists; we know that even though most of our youths have an exemplary attitude, there are others who have serious behavioral problems. I am not talking about the fashion matters that could seem extravagant to certain elders and that time eventually makes normal; I am talking about the attitudes that, promoted by the enemies' propaganda or by the capitalistic elements that we have been felt obliged to introduce, make attempts against our ethical and most sacred values, against the dignity, propriety, and patriotism of our people. In light of these attitudes, whether we are aware of them or not, we will have to keep fighting as we have done so far, together, by combining — as we have always done — passion and spirit with intelligence, without getting desperate. We will have to fight with strength and without losing initiative, by implementing the measures that correspond to each case.

Dear FEEM comrades, the beautiful letter the commission that organized this congress sent to me read that it did not deem it necessary to ask me to come to this event, because I had always sided with the students. This idea reminded me of an occasion when I had asked secondary school students to, along with recognition of Fidel and the FEEM — as second in command — have me admitted as just another comrade, because not many years separated us at the time.

Today, I am slightly older than I was at that time; I am 35 years older than I was then. However, because I still feel young in spirit, as I did then, and as long as the delegates of this 9th congress agree, I stress my status of FEEM member, just as I consider myself a member of our Federation of University Students [applause].

The occasion I was talking about took place on 7 February 1961. I do not forget that tens of thousands of youths were dispersed that year throughout the country's plains and mountains in a literacy campaign. The other students — the little ones or those who could not embark on that huge campaign for health reasons — remained here in this capital. The occasion I was talking about took place on 7 February 1961. That day, thousands of students in elementary and secondary schools and in higher education institutes in Havana stood in the heavy rain to voice their support for the revolution and the most adamant repudiation against a minor strike and demonstration that, through the clumsiest lies, the enemy tried to promote.

At that time, I said that I would never forget that occasion, because it was the first victorious battle for our youngest students and because I was convinced that it would not be the last battle, but the first battle, that together we would have to fight many more battles, and that together we would overcome countless hurdles.

Life quickly confirmed this conviction as the Playa Giron mercenary invasion took place two and a half months after I said these words. My strong conviction that we would fight together in many more battles was based on my personal experience and on more that 100 years of fatherland history. I was not surprised by the attitude our students took in 1961 for the same reason that I am not surprised by the attitude you are currently taking in light of the nation's enemies. Cuban youths were and will always be in the first ranks of the patriotic fights. This is a conviction leading me to reaffirm here an idea I voiced more than 15 years ago: Today's youths — I said it then and I am repeating it now — cannot be compared to the youths of 20 years ago. [applause]

Today's youths — I repeat: I said it then and I am repeating it now — cannot be compared to the youths of 20 years ago. In every case, they have reasons to be better — and they are better. In essence, we are dealing with different youths; they are indeed more demanding, because they are incomparably more able, more educated, more cultured, and, above all, more critical. Nowadays, you, in the midst of all the shortages and difficulties, are studying, working in agricultural tasks, assembling bicycles or performing many other productive and social tasks, are part of the territorial militias, are being prepared as skilled workers in several fields to exhibit a professional, civilian, or military education with the same ease that, in the not-so-distant past, other youths — perhaps your older brothers — placed society's interests above personal aspirations at the same time they were performing similar tasks.

Just to cite some notable examples, they formed the Manuel (?Aspunce) Teachers Detachment and made sure no one was left without teachers, given the large number of students in secondary schools. They also carried out risky international missions. You are currently acting like this, as your parents did before, as your parents did before, when they made others literate even after the empire's agents murdered Conrado Benitez and Manuel (?Aspunce), who was only 16. They picked coffee in the midst of the October crisis [words indistinct] at the eastern mountains and fought and offered their lives in the fight against outlaws, even in Playa Giron. We will never forget those 15- and 16-year-old anti-aircraft artillerymen.

Today's youths are as many youths were before, including those who are generals today, Colome, Ulises, Polo, Espinosa, and (?Moracen) — to list only a few. They are all heroes of the Republic of Cuba who joined that armed struggle when they were not much older than 15.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Current Brigadier General (Enrique Acevedo) — as he recounted in his book entitled Wretched [Descamisado], which I recommend to you — arrived at the Sierra Maestra when he was 14 years old. He turned 15 there, and, during the Las Villas campaign led by Che, he turned 16. Just as his brother Rogelio did; he is now a division general and is only one year older. He fought all these battles with his brother. This is also the case of Captain San Luis, who was only a child when he joined us at the Sierra Maestra and was still young when he heroically fell with Che on Bolivian land. His behavior is a heroic deed today, as is that of Manolito Aguilar — I mean, Aguiar — and the Pais brothers, who were excellent boys and smart students of 18 and 17. The same goes for the youths who fell in Santiago de Cuba, including student (?William) Soler, who had turned only 15 a few days before he fell. They fell while fighting Batista's tyranny at the front of the clandestine battle.

In addition, in 1933, 13-year-old pioneer Paquito Gonzalez gave his life while defending the ashes of Mella, whom, along with Viteras and Guillen, constitute symbols of our youths' anti-imperialistic sentiments in the first decades of the neocolonialist republic. Today's youths are like this, as the Maceos brothers were in the last century. Older brother Antonio Maceo was 23 years old. They did not hesitate to take up to arms to fight for independence and wrote wonderful pages of our fighting history. Today's youths are as Marti, who at 16 knew how to cope with prison chains with dignity; he had defended the fatherland and had devoted his life to it until he fell in Dos Rios.

Today's youths are acting like them while fulfilling their duties in front of the enemies of the fatherland. In 1868, Adriana Del Castillo, a 17-year-old girl from Bayamo, took to the mountains and when she fell exhausted into the hands of a Spanish patrol, she stood up as a giant and, in front of her puzzled enemies, died while she was singing that dying for the fatherland is to live. Today's youths are as Panchito Gomez Toro, who was faithful to his ancestry and who decided to die while he covered the body of his beloved chief, lest he fall alive into the hands of the enemy.

Today, times are different from those when the event I have mentioned occurred, even though they are as glorious and difficult and even though our youths have the same strong determination to continue to follow the path marked by the heroes and martyrs of our glorious past. This is why we were not surprised when Hassan, making the effort of being the FEEM president for more than two years and having finished high school, told us that the only award he wants — he is already doing it — is to have the privilege to enroll in the active military service hundreds of kilometers from his home as part of the heroic Border Brigade. [applause]

I gave Hassan's example to cite one case only among many more who have acted and are acting like him. This afternoon, for instance, we saw comrade [name indistinct] Tamayo, who was the vice president of the FEEM secretariat years ago. [applause] He was the first person who submitted to us the candidacies, and a few minutes ago, they reported to us the names of the comrades who were elected to the FEEM Secretariat. He finished high school in June and has decided on a university career; he congratulated and joined, in his native Ciego de Avila Province, the Youth Labor Army. [applause]

You are all alike because you will continue the work your predecessors whom we mentioned did. You are aware, as Panchito taught us, that merits are not inherited; they are won. You are like those who proclaimed to our commander in chief the idea that has been present in this congress and that says that students like these will never be defeated. [applause] Our enemies must know this; those who continue to dream of defeating us one way or another must know that Cuban youths, the youths of yesterday and today, are made of this irreducible patriotic fiber. This is the main guarantee.

The immortal shout of our heroes will resound in our always socialist fatherland: Long Live Free Cuba! [crowd chants "viva!" and applauds]

Others Speak at Congress Closing

PA0812180495 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 7 Dec 95

[From the "NTV" newscast — passages within quotation marks are recorded]

[FBIS Translated Text] Raul Castro Ruz, second secretary of the Communist Party's Central Committee, today closed the Ninth Congress of the Federation of Secondary School Students [FEEM].

During his speech, Raul referred to the difficult phase the youths experienced during the special period, underscoring their responsibility, courage, and resolve to overcome every obstacle.

He also referred to the enemies' plans, their efforts to use subtler means of destroying Cuba through ideological softening [reblandecimiento]. Further on, Raul said that this is a revolution that will always be socialist.

Castro said: "This congress has intensely discussed core issues, particularly the overwhelming need to continue developing a mentality of production, of training a large number of our youths to be qualified workers,

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

particularly at the polytechnic institutes of agronomy, and to considerably raise the social awareness of those people who create wealth with their hands."

The day started out with a brotherly greeting from the students of the FEU [Federation of University Students] through their President Alejandro Garcia, to mark the FEEM's 25th anniversary.

During the debate on sports, the delegates called for the strengthening of the movement to recover and repair sports equipment and areas, which is the only way to overcome the shortcomings of this type of specialized training, which requires considerable resources.

The congress also referred to the need to review the current conditions of art schools and to revitalize the role they play in the shaping and defense of the new generation's values.

During this evaluation, in which the leading role played by art schools in the development of national culture and their role as promoters of talent within the communities was reiterated, Culture Minister Armando Hart acknowledged one of the main virtues of this type of teaching.

Hart said: "I believe that the main value of the entire system of art schools is the cultural movement, which is closely linked to popular matters, to the people. The social value of culture should be raised to a professional level. That would make a difference."

The development of a better high school graduate with a view to the current requirements of the educational process and of technical and higher education also prompted certain statements regarding the unity that is expected between the student, teacher, and class.

Meanwhile, without attempting to close the debate, Education Minister Luis Ignacio Gomez spoke of the virtues of this ninth student congress.

Gomez said: "This FEEM Congress confirms things that we already know but which would somehow deteriorate without your enthusiasm and support. I can tell you that you have also preserved the idea of work-study; you have preserved the idea of schools in the countryside; and you have preserved the idea that the best should work as teachers, farmers, nurses, and technicians who will serve the revolution."

Before the session ended, commission agreements and proposed laws were approved. Then candidates were presented, and Nelly Morera was elected president of the FEEM. Morera is a former vice president of the national organization.

Raul Castro also said the following: "Our enemies must know, those who still dream of making us surrender one way or another must know that Cuban youths — those of the past and those of today — are made of an obstinate patriotic fiber. That is the main guarantee that will resound in the ever socialist fatherland; the immortal shout of our heroes: Long live free Cuba!" [crowd shouts "viva!"]

Finance Minister Millares Details New Tax System

PA1112215495 Havana PRENSA LATINA in Spanish 0812 GMT 6 Dec 95

["Exclusive" report by Susana Lee for PRENSA LATINA from GRANMA: "The Basic Tax System Will Applied This Year"; quotation marks as received]

[FBIS Translated Text] Havana — Manuel Millares, Minister of Finance and Prices, said that the new measures announced at the end of November are part of the tax Law 73, which establishes 11 taxes, a social security contribution, and three tax rates, to be paid by the people.

Millares added: I want to clarify that these are not new taxes. This is a "framework" law that outlines the general concepts of various taxes and empowers the Finance and Prices Ministry [MFP] to define how they are to be applied.

Before going into "details and clarifications," we asked the minister how the overall law will be applied.

"Taxes on profits and the use of labor" are being applied to all joint enterprises, Cuban or foreign, operating commercially. Gradually, state enterprises will also join because they make rational use of their capabilities. [sentence as published]

It was not possible for everyone to pay taxes right from the start, because of reasons already known. There are many paralyzed or semi-paralyzed entities. As the economy begins to recover, this will possibly change. Thus, we hope that during 1996 or 1997 at the latest, all entrepreneurial entities will be incorporated, which will pay off in their efficiency. [sentence as published]

The "tax on personal income," which began with minimum rates for self-employed workers, is what the recent resolutions broaden.

"Taxes on sales and public services" are also in effect. The first will very gradually substitute the current tax on products. This includes "special products" that are not basic needs and allow, among other things, the maintenance of subsidies on essential products. The second is already being applied (it existed previously) and only needs to have the rates updated.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Taxes on "land transportation," "documents," and the "transfer of property and inheritances," were also previously charged and will continue with adjusted rates.

As far as the "use and exploitation of natural resources and the protection of the environment," the mineral resources tax is applicable. The forestry protection tax will also soon be applied, but it has yet to be determined how to tax contamination of the environment. This is a complex task because the the idea is to avoid it, therefore, it will take more time to be put into effect.

Contribution to Social Security

The "contribution toward social security" is in place, as it has been since before the approval of Law 73, with all the entities that employ workers contributing. For the time being, the planned "special workers' contribution" will not be implemented.

We asked Millares about the state of the social security deficit and the worker's contribution-government social security spending ratio.

It continues to increase, he explained, because the rate of growth from this contribution to the budget is less than that of payments to its beneficiaries, which, in the last four years, has been 4 percent annually, on average. In addition, the difference is covered by the state.

Indeed, no other country would have been able to maintain social security levels had its gross domestic product declined by 35 percent in four years; only our country did it with its social justice principles.

Excluding short term social security — illnesses, leave, etc. — which is assumed by companies, social security contributions to the budget this year are expected to total 875 million pesos, while the social security system will pay 1.550 billion pesos, namely 675 million from the state, for workers' pension and retirement, members of the CPA [expansion not given] (whose contribution is less than a third of what beneficiaries receive).

Regarding rates, "fees for passenger airport services and for placing ads and commercial propaganda" are being collected only for billboards. Additionally, "toll fees" began being collected for vehicles using the Matanzas-Varadero highway and the Cayo Coco causeway.

Regarding the latter, Millares highlighted that the toll collections represent important social benefits because they not only guarantee optimum conditions for these two highways of great tourism significance (approximately 5,000 vehicles use the Matanzas-Varadero highway daily), but they also will be used to maintain and repair other roads.

These will be the first areas of implementation, the minister stated and it will be determined later if other measures are needed.

On commercial advertising, Millares explained that ads stemming from self—employment should start appearing in December. One must recall that this is subject to provisions on public display passed by the administrative councils in the territories. There is no country that allows anyone to put up a sign without first meeting certain regulations. After fulfilling the requirements, anyone advertising through a sign must pay a tax.

Stipulations of the new measures

On the "tax on foreign exchange personal income," there is confusion over the tax rate (percentage applied to the taxable base to determine the total tax amount) and the annual scale that would be used. It should be made clear, he said, that a step-increase scale is applied to the surplus.

The scale is as follows:

Net Income	Tax Rate (in convertible Cuban pesos, (percentage) according to the prevailing exchange rate)
up to 2400	10 over 2400
up to 6000	12 over 6000
up to 13,200	15 over 13,200
up to 18,000	20 over 18,000
up to 24,000	30 over 24,000
up to 36,000	35 over 36,000
up to 48,000	40 over 48,000
up to 60,000	45 over 60,000
over 60,000	50

In other words, a person subject to this tax and earning less than 2400 pesos would pay 10 percent, while one earning 60,000 pesos would not pay 30,000 pesos, or 50 percent, but 19,332 pesos, or 32 percent, because he would pay taxes according to the different tax-levels of the scale. In this case, any amount in excess of 60,000 pesos would pay a 50 percent tax.

According to Resolution 24/95 of the Finance and Prices Ministry, the taxable base (value of the act, juridical business, taxable activity or quantity), is subject to revenues that are excluded, deducted, or discounted.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Millares explained that the progressive rates contained in this tax fit in with the international average, for there are countries with higher interest rates or scales with fewer steps.

He added that those subject to this tax will have to register their names in the taxpayers' register at the municipal tax administration office that matches their fiscal address and make partial payments.

Those subject to this tax will submit an annual sworn statement of their income in foreign exchange earned during the respective fiscal year within a period of 60 days after 31 December of every year. Of the estimated amount, after making the authorized deductions, the partial payments will be subtracted to determine the tax amount to be paid.

We believe the enforcement of this tax, on 1 January, will report thousands. Millares noted that all income earned in foreign exchange will be taxed as of this date; therefore, those subject to this tax should register and begin to make their payments as soon as possible. The sworn statement and the corresponding payments for 1997 would be based on the income earned during 1996.

As for the "property tax or ownership of specific assets," which will go into effect on 1 January 1996 for boats, it will operate similarly to the registration of automotive vehicles, with payments made within the first quarter of the year.

Concerning taxes on other assets such as houses, farms, and fallow land, they will be left for next year, because it has been difficult to reach any decision.

The same situation applies to the special tax system for the agricultural sector, the tax on barter activities, and other taxes already mentioned, which will take longer. However, basically, the tax system will be implemented this year.

Next Taxes To Be Enforced

We are having consultations and are making the conciliations and adjustments that we announced, in order to promulgate them in December, including taxes to be paid through monthly portions in national currency or foreign exchange as necessary, on activities such as renting homes, rooms, and space.

This is necessary, he said, to organize the situation that has been created.

There will also be taxes on freight and passenger transportation by private carriers, as well as taxes on certain representatives who are increasingly operating in the agricultural market.

Likewise, the minister added, the general budget is being prepared to include progressive tax rates in national currency on self-employed workers' personal income. At the same time, payment of monthly quotas in convertible pesos will be extended to those who engage in activities authorized to operate in foreign exchange. We know that some of these activities are being carried out illegally now. The purpose is to have those carrying out these activities legalize their situation, register, and pay for these activities.

We will also make relevant additions to the Decree on Self-Employment Infractions in order to incorporate fines in foreign exchange and invoke strong measures that would even include confiscation.

Financial Reorganization and Budget Deficit

To talk with the finance and prices minister without asking him about the situation of the financial reorganization and the execution of the budget, would almost be like an information sacrilege.

In October, we ended up with a liquidity of 9.015 billion pesos, a 24-percent reduction compared to June 1994.

We should end the year below 9 billion pesos. If we take into consideration that 64 percent of this amount is deposited in bank accounts, most of which have been stabilized, this tells us that we should be very carefully from now on, because we can no longer think of obtaining large amounts of currency.

Other optional measures are now necessary, like those that have already been taken — new insurance and advance payment of housing — as well as others, in order to recover the money that, as a result of the agricultural market, self-employment, etc., has been concentrated into one sector of the population. This can only be achieved through certain offers of products. In addition, some products of high popular demand have been financed to benefit the domestic market.

Our objective, he affirmed, is still the same as the one we established in May 1994: To recover the value of the Cuban peso.

Regarding the budget deficit, he added: We reiterate that we should end the year between 700 and 800 million, which is below the estimated 100 million of the budget law and much lower than the 5 billion plus in 1993.

The 1996 budget draft is in its final stage of preparation. The organizations and territories have already discussed it. We are now preparing a report for the deputies. Figures give a deficit of about 550 to 600 million.

Again on the topic of taxes, Millares pointed out that tax collection is going well, just like the organization

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

and enforcement of the National Office of Tax Administration that is responsible for guaranteeing tax collection. As the tax system is being introduced, tax collection will be the basic source of budget revenues and therefore, guaranteeing that we will continue providing health services, education, social security, scientific activity, and defense. That is why it is fair and necessary that we become more aware and achieve a better understanding of its significance.

Further Millares Comments

PA1212144695 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 11 Dec 95

[Report by Marisela Recasen from the "NTV" newscast — passages within quotation marks are recorded]

[FBIS Translated Text] GRANMA recently published the new tax measures that will be enacted soon. Journalist Marisela Recasen has prepared a special report on those points about which the people have more doubts.

[Recasen] In any country's economy, taxes are an injection of life into the state's budget. For instance, Europeans describe income taxes as the basis for well-being:

[Finance and Prices Minister Manuel Millares Rodriguez] "An important mechanism exists in Cuba whereby every tax included in the national budget goes to social expenses. This practice is one in Cuba but is absent in all other countries of the world. In Cuba's case, this represents a tremendous challenge because [words indistinct] in terms of justice."

[Recasen] At present, as the economic restructuring process has created various forms of ownership in Cuba, a new challenge has presented itself; that is, how to collect, control, and use an economic surplus. One of the existing ways is to collect taxes. Authorities have announced new tax measures that will be enacted in December and continue next year:

[Millares] "Everyone knows houses are being rented to Cubans and foreigners. These houses are not always located in the best places, a practice which is completely illegal. We are going to correct the problem, because it seems to be necessary. This type of operation will be legalized. The person who rents a house will require a permit. A license is required here as in any other economic activity. Every person who is authorized by the corresponding council of administration to rent a house will have to pay a tax.

[Unidentified reporter] "What about car and truck rentals?

[Millares] "No, no. Taxes on car and truck rentals have not been contemplated; anyway, transporters of cargo and passengers are supposed to pay a tax. We are not substituting anything already in existence. We are simply regulating it so it can work better. We will register the activity in a transport ministry record."

[Recasen] Taxes have been levied on several activities, both in the state and private sectors, throughout the year. The National Assembly of the People's Government has approved the present measures. Some of them have been adjusted, and others have been expanded. In the latter case is found personal income, where a progressive rate is being applied:

[Millares] "I do not think this will affect the income of independent workers. These workers must pay a minimum rate, which includes the exercise of their activity and an initial contribution from their personal income. If, according to the applied rate, he has to pay an additional income tax at the end of the year, he will have to pay; otherwise, the rate that had been applied on him will continue being applied. This is an accepted practice throughout the world."

[Recasen] Millares has confirmed that taxes on foreign currency are intended to cover the income received by any Cuban citizen or any foreigner residing in Cuba for more than 180 days. He has also explained those categories that are tax exempt:

[Millares] "Incoming money remittances and foreign cash remittances to cover retirement are tax exempt. Everything else is included in certain amendments according to the source of this income. Members of the art community who receive income in dollars must pay taxes, as must a person hired by an international organization such as the United Nations, just as Cuban officials who receive their salaries in dollars. May I repeat: Every worker who is not tax exempt must pay taxes.

[Reporter] "What will happen to a person who receives income but does not report it?

[Millares] "This can happen anywhere. The person runs the risk of evading taxes. The law must be strong enough to guarantee a control system whereby whoever evades taxes can be punished with a penalty as heavy as imprisonment in accordance with the Penal Code amendments."

[Recasen] In general, the legislation includes 11 types of taxes, three rates, and one contribution. Included are taxes on profits and labor forces at state and mixed capital enterprises. A toll on vehicles using the Matanzas—Varadero freeway and the Cayo Coco causeway is also being implemented. Other taxes that

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

will be implemented next year will be added to this group:

[Millares] "Taxes on houses, empty houses, and idle land and farms are still pending legislation. These taxes are more complex. The tax system is fair, because he who possesses more and receives more shall pay more. Generally speaking, we are thinking of exempting general personal income received in local currency. Salaries will most likely be tax exempt."

Although the common citizen of the world still regards taxes as a weapon that harms his family's economy, Cubans today admit this universal practice is becoming inevitable in order to walk the path of reactivation.

Radio Announces New Tax Program

PA1212134895 Havana Radio Rebelde Network in Spanish 1255 GMT 11 Dec 95

[From the "Doing Radio" program]

[FBIS Translated Text] Beginning next year, taxes will also be levied on personal income in hard currency, ship ownership, and road tolls in two national highways. The income tax starts at the 10 percent rate for those whose annual income is over $1,400; these rates, which will go in effect on 1 January 1996, can reach up to 50 percent for those who might have salaries over $60,000 a year. In these cases, the individual must present once a year a sworn affidavit on his income or register in the taxpayers registry.

The financial adjustment program which has been implemented gradually in the country has made it possible to reach December with a liquidity excess of nine billion pesos, 64 percent of which is in saving accounts. The most critical year in the program to control the excess liquidity was 1994 when the estimated money in circulation among the population was 12 billion pesos.

Discussion on People's Participation in Assemblies

PA0912033095 Havana Radio Rebelde Network in Spanish 1255 GMT 5 Dec 95

[Studio discussion by Fernando Garrido and Jesus Garcia Abridos from the "Doing Radio" program — live]

[FBIS Translated Text] [Garrido] This is from the "Governing From the Neighborhoods" section, right?

[Garcia] Yes, this is a section we have been airing since November.

[Garrido] Gisela Bel Heredia has given us information on how this process was coming along, what the assemblies were like, the main issues, and what issues have been more important in each province. What is your understanding in general of this information?

[Garcia] Gisela has presented an interesting report on the assemblies. This brings to mind one thing: The people's participation in the governing process through the assessment assemblies. Gisela mentioned how to increase the number of issues discussed. A little more than 50 percent of the assemblies have been held, and there are already many more issues than during the last assemblies.

Comparisons are always difficult. The last assemblies also served to nominate candidates. The assemblies focused more on the candidates' nomination, but one point is true: People participate more in assemblies that take place in smaller areas. Some people are hesitant about participating in a larger assembly, but they do participate much more when they are in their neighborhood; this is very beneficial for the assessment assemblies. The interests of the collective are discussed more, those attending share interests in the same issues, there is more familiarity among the people who are talking, and, therefore, many issues surface that might not in other circumstances.

[Garrido] Yes, but there is an element that causes confusion. There are those who say boredom and the racket [bulla] are caused by people getting tired of repeating the same thing, and the only thing they get in return are answers. [sentence as heard] That is what some people think.

[Garcia] Of course, the fact more people are taking part is also going to mean more responsibility for the People's Governments and for the rest of the administration. The people's queries must be answered.

[Garrido] Some say the right answer does not always resolve the problem.

[Garcia] You are talking about explanations....

[Garrido, interrupting] People are looking for solutions.

[Garcia] The people are looking for solutions. Many things are all mixed together here. It is also important not to arrive at an assembly with a problem that could have been discussed with the delegate and resolved. We sometimes participate in an assembly that discusses something that happened four or five months earlier. Then the only thing the delegate is truly going to give is an explanation or his impression of why something bad that should not have happened happened.

[Garrido] Solutions to those essential problems that affect the people, the voters, everyday sometimes can come from the collective's own initiatives, but it sometimes depends on obtaining certain resources, and then

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

it must be the municipal assembly and the delegate's insistency that bring about the solution.

[Garcia] Yes, of course, we have analyzed this issue on other programs. It is also important to differentiate between each territories' characteristics.

Officials Deny Banning Christmas Trees

PA1112000595 Havana PRENSA LATINA in Spanish 0042 GMT 9 Dec 95

[FBIS Translated Text] Havana, 8 Dec (PL) — Official sources have denied reports that a measure would be implemented to ban Christmas trees this year. Following the custom of each family, the sources added, Cuban homes will be able to count on a Christmas tree.

The sources consulted by PRENSA LATINA reported that the regulation allowing December festivities continues to be valid. The regulation stipulates that government and state organizations cannot exhibit Christmas decorations in their installations because Cuba is a secular state.

This regulation, they added, includes regulated commerce, the distributors of food quotas, and of other basic consumer use merchandise, but not those that operate in foreign exchange and freely sell assorted merchandise.

Any instruction contrary to the one established is not valid and will immediately be without effect if it has been implemented, they emphasized.

According to the sources, hotels and centers dedicated to international tourism also have the prerogative of using any type of ornamental or decorative elements for their end of year celebrations.

Commentary Views Increasing Crime Problem

PA1012175695 Havana Radio Havana Cuba in Spanish 0000 GMT 5 Dec 95

[Commentary by Roberto Morejon; from the "Evening Information Review" newscast]

[FBIS Translated Text] Cuba is going through the ordeal of overcoming the hard economic crisis, which was mainly triggered by external factors, that has significantly eroded the living conditions of its citizens. Due to the tight situation in the past few years, Cubans have had to face not only economic difficulties, but social ones as well. The economic crisis, lack of controls, and administrative inefficiencies have resulted in an increase in corruption cases; a problem that was quite uncommon in the country until the beginning of the current decade. It is true that, regardless of the wealth or poverty of a country, corruption has become entrenched worldwide. However, despite the expansion of corruption, Cubans have decided to resolutely combat it.

Authorities and the overwhelming majority of the population who conduct themselves honestly, express irritation with social deformations that have increased lately. A group of Cuban citizens viewed the new freedom of convertible currency, the flow of capital, and the opening of foreign commercial offices, as well as the increase in tourism, as an easy way to get rich — illegally. Those people, who opted not to contribute positively to society, take advantage of the current times to get rich at the expense of others, even though many of them have felt the weight of authority on their own shoulders.

Cuban authorities have initiated 541 cases against the so-called money hoarders [macetas], the name given to people on the island who get rich illegally. The courts have concluded 427 of those cases and issued rulings on 310, which have had the following results: Approximately 15.5 million pesos were frozen or confiscated and 1,691 vehicles, 373 motorcycles, 170 trucks, and 667 houses were seized due to their illegal origin.

However, the country is having more difficulties in dealing with the behavior of several foreign firm officials and others, who say they represent organizations that do not have a legal status in the island. Recently, Juan Escalona, the Attorney General of the Republic of Cuba, said to the local BOHEMIA magazine that judicial organizations have discovered a few dozen cases of employees who work for domestic firms who have questionable conduct. Fundamentally, they accepted gifts and bribes from foreign firms in exchange for business privileges. It is not for the pleasure of it, that authorities have given special attention to the restoration of controls and are furthering stricter supervision in all economic spheres, accompanied by mechanisms to install discipline, which is totally unrelated to past paternalism. In times of an incipient economic recovery, Cuban judicial offices are giving priority to the struggle against corruption and illegal enrichment

Roundup of Politburo Members' Activities Through 7 Nov

PA1012025395

[FBIS Editorial Report] The following is a compilation of reports on the activities of Cuban Communist Party Central Committee Politburo members monitored through 7 November.

Abelardo Colome Ibarra attended the closing ceremony of the 10th Interior Ministry Forum on Science and Technology. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 18 Nov 95).

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Jose Ramon Machado Ventura attended the ceremony in Isle of Youth during which Roberto Garcia was sworn in as the new local communist party secretary general. He will replace Emilio Gonzalez who is attending the National Defense Institute. (Havana Cuba Vision Network in Spanish 0100 GMT 22 Nov 95).

Juan Almeida Bosque attended a live representation to commemorate the 39th anniversary of the Granma expedition in Las Coloradas. (Havana Radio Rebelde Network in Spanish 1800 GMT 2 Dec 95)

Raul Castro Ruz presided over a meeting in commemoration of the 35th anniversary of the Communist Party of Cuba Nico Lopez Superior School. Fidel Castro sent greetings in a letter for the occasion. Jose Ramon Machado Ventura delivered the closing speech. (Havana Tele Rebelde Network and Cuba Vision Networks in Spanish 0100 GMT 2 Dec 95)

Esteban Lazo Hernandez attended a ceremony on the occasion of the anniversary of the establishment of Vietnam-Cuba relations at the Cuban Friendship With the People's Institute. (Havana Tele Rebelde Network and Cuba Vision Networks in Spanish 0100 GMT 2 Dec 95)

Esteban Lazo Hernandez participated in the inauguration of an orthopedics workshop, sponsored by the German Government. (Havana Radio Reloj in Spanish 2030 GMT 3 Dec 95).

Raul Castro Ruz inaugurated the ninth Congress of the Federation of Mid—Level Students on 4 December in Cacahual. (Havana Radio Rebelde Network in Spanish 1800 GMT 4 Dec 95)

Ulises Rosales del Toro praised Havana's defense efforts during the commemoration of Defense Day. (Havana Radio Rebelde Network in Spanish 1800 GMT 4 Dec 95)

Jose Ramon Machado Ventura received credentials from the new Bangladeshi Ambassador to Cuba. Roberto Robaina was present during the meeting. (Havana Cuba Vision Network in Spanish 0100 GMT 5 Dec 95)

Roundup of Sugarcane Developments Through 10 Dec

PA1112024195

[FBIS Editorial Report] The following is a compilation of reports on sugarcane and sugar industry developments in Cuba monitored through 10 December.

Ciego de Avila sugar producers are gearing-up for the next harvest, the biggest crop in years. Agroindustrialists' top priority is the start-up of nearly all the sugar centrals. It is estimated that the increase in production will be of the magnitude of 100 million arrobas. About 1,300 cutters are standing by and 100 motors received from abroad are being installed in the machinery. Unlike previous years, all tandems will be working, but there is a shortage of trucks. Ciego de Avila was one the country's top sugar producers during the previous harvest. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 7 Dec 95)

Pinar del Rio's sugar-related repairs for the upcoming harvest are more than 95 percent complete. Partial tests on sugarmills are to begin on 14 December and steam tests will be performed six days afterward, according to a meeting held in Vuelta Abajo. There, more than 20 technicians will inspect the factories in order to determine in a timely fashion possible failures that could occur in the middle of the harvest. One of the main setbacks during the previous harvest was the fact that no time was allowed after repairs for proper tests to be conducted. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 7 Dec 95)

Cubapetroleo Transportation Base in Cienfuegos has declared itself ready for the sugar harvest and is tasked with the distribution of fuels and lubricants. This was reported in Shop 430 in the presence of Manuel Menendez Castellanos, first secretary of the Communist Party of Cuba in Cienfuegos, who viewed 90 pieces of equipment that are ready to begin work. More than 100 of these workers gave up their ration of rice and flour and became self-sufficient through 5,000 hours of volunteer work. These workers have transported 82,000 tons of fuel and lubricants, thus surpassing their goal by 2 percent. (Havana Radio Rebelde Network in Spanish 1255 GMT 8 Dec 95)

Everything is ready in Guantanamo for the upcoming sugar harvest. The 26 July Contingent will play a fundamental role. It comprises more than 1,500 men and women who cover an area of 523 caballerias distributed in four sugar centrals. Their goal is 80,000 arrobas per shift for each column, which, if the goal is met, will yield no less than 12 million arrobas of sugarcane. (Havana Radio Rebelde Network in Spanish 1800 GMT 8 Dec 95)

The construction of six injection pumps to improve sugarmill cooling are about to be completed in the Panama CAI (Industrial Automation Center) in Camaguey. The injection pumps serve to help reduce wear and tear of parts, to save fuel, and to improve power performance and efficiency. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 10 Dec 95)

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Roundup of Economic Developments Through 12 Dec

PA1212213395

[FBIS Editorial Report] The following is a compilation of reports on Cuban economic developments monitored through 12 December.

Cuban cultural activities have generated approximately $13 million in 1995, due to the growth in the local art community and the structural changes made within the sector. Vice Culture Minister Carlos Martinez has said this accomplishment was achieved without conceding to cheap merchandise. He also spoke about the changes made within the sector, which he has described as the formula that has helped Cuba compete in the complex art market. (Havana Radio Rebelde Network in Spanish 1255 GMT 4 Dec 95)

Nestor Coll, commercial director of the Horizontes Hotels, the most prolific chain of Cuban hotels, has said his establishment will have served approximately 1.25 million tourists at its 54 facilities by the end of 1995. During the first nine months of the year, average attendance at the hotels increased by 11.8 percent compared to the same period in 1994. Income increased a modest 1 percent and occupation 11.4 percent. Havana and Varadero remain the main attractions for Horizontes Hotels clients. This is particularly true of Varadero, which has had approximately 1,100 tourists daily at its facilities since July. (Havana PRENSA LATINA in Spanish 1639 GMT 5 Dec 95)

Sources at the Cuban Tourism Ministry have confirmed that Colombia's Avianca Airlines will start flying to Cuba beginning 8 December. A group of political and social figures, travel agents, wholesalers, and media representatives arrived in Cuba on board the inaugural flight for a four-day visit. According to official estimates, Cuba will welcome approximately 22,000 Colombian tourists this year, three times the amount that visited in 1994. (Havana PRENSA LATINA in Spanish 1833 GMT 5 Dec 95)

Jose Manuel Sanchez Cruz, director of the Cuban National Bank, has announced there are 11 offices in Cuba representing large international banks that have been licensed by the Cuban Government. Speaking at the conference, dubbed Cuba: Economic Transformations and Cooperation with the EU, Sanchez said that of these banks, seven are European, one is Canadian, one is Middle Eastern, and two are Latin American. He added: "We are modernizing our banking system, and foreign banks play a very important role." Sanchez has said, however, foreign banks cannot yet carry out direct operations on the island. Juan Montes, of Spain's Banco Exterior, has said he foresees the emergence of free zones in Cuba within the short term despite the protectionism of the Cuban banking system. (Havana PRENSA LATINA in Spanish 1938 GMT 5 Dec 95)

The singularly beautiful Playa Caiman area in Holguin Province has been incorporated into the Cuban tourism industry. Special tourism brigades have built docks, and designed facilities provide high quality services without altering the natural surroundings of the area, which will become a stopping point for international cruise ships, which bring approximately 500 tourists to Cuba weekly. (Havana Radio Rebelde Network in Spanish 1800 GMT 6 Dec 95)

According to a 7 December, Havana-datelined report, the housing sector experienced a recovery in 1995. Four eastern and central provinces constructed 10,600 homes and repaired many others due to natural disasters. In 1996, approximately 1.1 billion pesos (about $1.1 billion) will be invested in this sector, and more than 50,000 homes will be built throughout Cuba, with 10,000 of those homes in Havana. (Havana PRENSA LATINA in Spanish 1525 GMT 7 Dec 95)

An 8 December, Havana-datelined report states that the number of Colombian tourists visiting Cuba increased by 304 percent during the first 10 months of 1995. According to the Tourism Ministry, 18,195 Colombian tourists have visited Cuba during this period. Colombian airline Avianca inaugurated its biweekly flight to Havana on 8 December 1995. (Havana PRENSA LATINA in Spanish 0306 GMT 9 Dec 95)

In Ciego de Avila Province, state cooperative producers and farmers have just completed an annual production of 2.9 million quintals of tubers and vegetables because of a better availability of fertilizers and fuel and better labor motivation. Moreover, there was a record production of 2.017 million quintals of potatoes. (Havana Radio Rebelde Network in Spanish 1255 GMT 11 Dec 95)

Santiago de Cuba Province is struggling to save the coffee harvest. Only the towns of Segundo Frente, Colama, and Santiago exceed the province's collection average—that is, a little more than 40 percent—whereas Contramaestre, Palma, and Tercer Frente are experiencing severe delays. The bad shape of roads is compounding the problems of crops, which are not ripening properly. In the town of Guama, only 40 kms of roads have been repaired out of the 120 kms that should have been repaired for this campaign, according to Luis Torres, first secretary of the Communist Party of Cuba in this province. (Havana Radio Rebelde Network in Spanish 1800 GMT 11 Dec 95)

The Metallurgy and Electronics Industry Ministry (SIME) experienced a growth of over 30 percent in

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

1995 although that does not mean it has succeeded in returning to the levels of 1986, when production reached a peak of 770 million pesos. The total output of the SIME industries was 231.9 million pesos in 1992; that figure rose to 253.8 million pesos in 1993 and to 330 million pesos in 1994. Production in 1995 came close to 440 million pesos. In addition, SIME exports totaled $20 million in 1994 and $50 million in 1995. (Havana PRENSA LATINA in Spanish 1325 GMT 11 Dec 95)

Although rice planting for the winter season began late at Los Palacios mill, Pinar del Rio Province, the goal of 811 caballerias before 28 February may be met. It is expected that 2,250 caballerias will have been planted by the spring season. For the first time since the start of the special period, the necessary resources exist to obtain high yields. The mill received an $8.8 million loan, which must be payed back in one year together with almost $2 million in interests. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 12 Dec 95)

An official document issued at the conclusion of a meeting of hotel owners and executives in Havana predicted that more than two million tourists will visit the country by the end of this century. In 1995, 745,000 visitors arrived in the country, a 20 percent increase over last year's figures. (Havana PRENSA LATINA in Spanish 0646 GMT 12 Dec 95)

Haiti

Candidate Jeune's Home Attacked by Armed Individuals

PA1312043395 Port-au-Prince Signal FM Radio in French 1130 GMT 12 Dec 95

[From the "Waking Up" newscast]

[FBIS Translated Text] As promised, we are back with the reaction of Attorney Leon Jeune who has just been contacted on the phone by Louis Mercier Bellevue. I am reminding you that the home of Attorney Leon Jeune, presidential candidate for the upcoming presidential elections of 17 December was the target of armed individuals who shot several times at his house, breaking picture windows. For the time being, the candidate is in a safe place. As we promised moments ago, we have managed to reach on the phone Attorney Leon Jeune, who condemns this action and says it cannot dissuade him from his true objective, which is to participate in the forthcoming elections. Leon Jeune answered Louis Mercier Bellevue's questions this morning.

[Begin recording, in Creole] [Jeune] Last night, the same acts of brigandage and sabotage continued. They are now breaking into people's houses. They do not respect anybody. It seems that the democracy that, in principle, they supposedly want to establish in the country is not, is not, is out of the question. Last night.... [pauses] They have now begun destroying my house. They have broken [words indistinct] factory in Les Cayes during a tour in Les Cayes last week. When I arrived (there), many people who were jealous of the warm reception the people gave me set fire to my factory. Then, they tried to sabatoge my car, causing it to overturn with me on the road. On Saturday [9 December]... [pauses] On 10 December, they arrested my partisans in Jacmel. Last night, they wanted to damage my house. Thus, I am really wondering what is going on?

[Bellevue] Attorney Leon Jeune, did incidents happen? Were material losses recorded? Did you manage to identify those people who were shooting at your house last night?

[Jeune] We were unable to identify them because they are a lot of [word indistinct], virtually a lot of people fearing neither God nor man who were breaking [words indistinct]. Either they do not want the elections to be held or they see that I am so far in the lead that they are trying to just physically eliminate me, as they cannot find means to outwit me honestly in the elections. This will not discourage us. We will keep moving further ahead. It will not be easy to identify the people, but it is sure that I will find means to identify them. We are going to investigate that. They broke two picture windows in the house. My neighbors yelled and made them vacate the premises, but, frankly, it is a fact that nobody can really understand what is going on in the country at this time. After we lived through three years of misery so we could actually send policemen out, we thought there would be an era of safety that would begin being established for everybody, but we have seen that what is being done is quite different. I do not know when we will get out of this situation. But we will not let that discourage us. I can tell you, listeners of Radio Signal FM, that this incident will not discourage us at all. I call on the people to remain steadfast so that as of Sunday, 17 December everything is settled correctly. We must make every effort to establish a reign of peace in the country, a state of law where everyone's rights are respected. This is why I encourage all my partisans to remain steadfast even more. It is not question of fear, we are moving further ahead, we are moving further ahead so that as early as 7 February 1996 a true state of law can be established in the country. [end recording]

That was Attorney Leon Jeune, whose home was attacked with gunshots by armed men. Anyway, for the moment, the situation is calm. Attorney Jeune is safe.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

A reminder, Leon Jeune is not the first presidential candidate who has been attacked by armed groups. We remember that the premises of Mr. Gerard Dalvius, leader of Alternative for the Development of Haiti Party [PADH], were attacked by a group of armed individuals who claimed to be members of a people's organization. They demanded the tidy sum of 50,000 gourdes from the candidate. Those people even took the wife of Gerard Dalvius, the PADH presidential candidate, hostage.

Candidate's Home, Oil Factory Attacked

PA1212172695 Paris AFP in Spanish 1536 GMT 12 Dec 95

[FBIS Translated Text] Port-au-Prince, 12 Dec (AFP) — Leon Jeune, presidential candidate and former justice minister, told the press on Tuesday that unidentified assailants fired at his home on Monday night or early Tuesday morning. Jeune told AFP that no one was injured in the attack, which shattered two windows. Jeune comes from the town of Arniquet, the birthplace of President Jean-Bertrand Aristide, and is related to the president. The candidate added that on Friday, unidentified persons set fire to his oil factory in Cayes, 200 kms southeast of Port-au-Prince, but thanks to the arrival of firemen, the blaze was promptly brought under control.

He also noted that on Saturday, one of his vehicles was the target of an "act of sabotage," when its wheels were loosened.

The candidate denounced the summoning by a local official, who, according to Jeune, "is highly biased toward Rene Preval," candidate of the (ruling) Lavalas platform and former prime minister, of several of his supporters in Jacmel, in the southeast.

CEP, UNMIH, Police Reassure Candidates, Voters

PA1312044995 Port-au-Prince Radio Metropole in French 1700 GMT 12 Dec 95

[FBIS Translated Excerpt] Five days before the presidential elections of 17 December, the Provisional Electoral Council [CEP], the National Police, and the UN Mission in Haiti [UNMIH] reassure candidates and voters that safety will be guaranteed during the voting process. General Joseph Kinzer, military head of the UNMIH and Faurel Celestin, director of the National Police have undertaken to ensure the security of the electoral operations.

Speaking during a round table organized yesterday by the Electoral Information Center and NDI [National Democratic Institute], the U.S. officer said that his men would be deployed throughout the country on 17 December. According to Gen. Kinzer, a safety plan was studied with the Haitian authorities in order to maintain a permanent presence during the entire polling day. [passage omitted]

For his part, the head of the National Police, Faurel Celestin, has pointed out that all the members of the National Police will be present for the vote. The 3,500 members of this police force will be divided in accordance with the importance of the areas.

[Begin Celestin recording] The whole police force will be mobilized in order to guarantee the security of the streets, of the CEP, the Departmental Electoral Offices [BEC's], Communal Electoral Offices [BEC's], the Registration and Polling Stations [BIV's], the candidates, and the population in general. Given that the strength of the National Police Force is more or less limited, the UNMIH will also be mobilized so as to lend a hand to the National Police so a safe and stable climate can be maintained during the electoral period. We have the mission of maintaining a safe and stable climate during the entire electoral process, guaranteeing the peace of the streets, the security of the CEP, of the BED's, BEC's, and BIV's in the nine departments of the country. [passage omitted] [end recording]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

PRD's Cardenas Files Lawsuit Against Carlos Salinas

PA1312024195 Mexico City LA JORNADA in Spanish 11 Dec 95

[Report by Rosa Icela Rodriguez; all figures as received — received via Internet]

[FBIS Translated Text] Cuauhtemoc Cardenas yesterday filed a lawsuit against former president Carlos Salinas, businessmen, and former officials at the Attorney General's Office [PGR] for betraying the fatherland, damaging the national patrimony, and wrongly carrying out public duties concerning the sale of the Mexican Telephone Co. [Telmex].

In the legal lawsuit, Cardenas and a parliamentarian bloc of the Party of the Democratic Revolution explained that "Telmex's appraisal amounted to approximately $7.3 billion and that it should have actually amounted to more than $30 billion, because there were 10.503 billion shares worth more than $3,000 a share that were wrongly sold off at $0.80.

Amid shouts of "Thief! Prison! Justice!" the PRD members pointed out that the above information "amounts to a damage for $12 billion in assets, because approximately $1.7 billion were paid for an asset worth $14 billion, which represented 48 percent of Telmex's social capital."

Along with several hundreds of people, Cardenas went to the PGR to "report actions, which I believe constitute crimes," carried out by Carlos Salinas de Gortari, Carlos Slim Helz, Andres Caso Lombardo, Pedro Aspe Armella, Maria Elena Vazquez Nava, Jaime Corredor Esnaola, Jacques Rogozinsky, Roberto Casas Alatriste, Alfredo Baranda Garcia, and those who were found guilty.

Prior to submitting the written report, Cardenas read excerpts of the document to his sympathizers. In it, he maintained that the previous government officials "were members of an organization formed to commit the crimes of wrongful carrying out of public duties, collusion by public officials, and influence peddling, as well as crimes against national consumption and wealth committed during the unconstitutional and illegal process to privatize Telmex."

In the document submitted to the PGR, the PRD leader explains the crimes committed one by one. He accused Salinas of "betraying the fatherland" for heading actions "leading to a nation that would depend on the economic guidelines" dictated by the IMF and the World Bank as a result of commitments and loans and of neglecting our economic independence.

He argued that this institution has become a national crisis reflected upon politicized finances, a growing unemployment rate, an unprecedented social insecurity, a stagnated economic development, a distressed productive plant, multimillionaire bankers, and bankrupt debtors. This crisis, which made Carlos Slim Helz become the world's fourth richest man during the previous six-year presidential term, illegally favors the Carso Group.

Telmex, Cardenas affirmed, was not a bad business for the government; on the contrary, it was an excellent business. The government-owned Telmex never obtained the prerogatives and conditions of the privately-owned Telmex. The bills benefiting the people were drastically increased.

Among other considerations, he underscored that the federal government sold shares at $1.74 a share to the social sector (the Telephone Operators Union). In the meantime, it sold the shares to Slim at $0.80 each. The difference, if multiplied by 186.6 million shares, yields to a $174 million loss.

After listing a number of irregularities that, in his opinion, were committed during the sale of the parastate company, Cardenas said: "We came here to demand authorities do justice." He forewarned that they will soon "file a civil lawsuit to ensure Telmex will return to the national patrimony."

Amid the shouts of "Prosecute Salinas" by 250 Tabasco workers — the most participative workers — the PRD leader recalled that on 30 November, he filed a political lawsuit against Salinas, Aspe, and Vazquez Nava at the Chamber of Deputies and that he then asked that institution that "it [words indistinct] the PGR to learn of the offenses in penal matters.

"We hope," Cardenas went on, "most people at the Chamber of Deputies will obey the law and will submit to the PGR, where we are now, the pertinent material to be considered in a penal trial."

He affirmed that, in the case of the political trial, if there is a favorable ruling, the public officials involved in this crime must be dismissed and banned from public posts, according to the sentence.

As for the penal lawsuit, he asserted that those who are found guilty of the corresponding crimes should be sentenced to prison. In addition, "they will have to pay twice [dos tantos] the damage inflicted upon the national patrimony and twice [dos tantos] the amount of the illegal benefits wrongfully obtained.

He demanded that the PGR and judicial branch authorities render a decision according to the corresponding

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

laws, so that crimes against the national patrimony, as well as betrayal to the fatherland, will not go unpunished. He explained, however, that he hopes that information on other operations in which offenses to the nation have been committed could be obtained, just as "sound and consistent information" on Telmex was obtained.

It was here, at the PGR stairs, when the PRD leader demanded "a country free of corruption and a government of honest people. We want a moral and ethical government that will defend the interests of most Mexicans," adding that "we do not want authorities who will continue to defend criminals or PGR authorities who refuse to investigate the actions pointing to high-ranking officials of the previous or current administrations regarding a number of crimes known to and reported by the public."

In his speech, he hoped that yesterday's act "be the beginning of a number of activities that will lead us to cleanse our country and to recover, on behalf of the people, the control of the nation's destiny. In addition, we want to impose economic policies that will favor most people and that will break the ties to the dependence and betrayal that are currently slowing us down."

Legislators Jesus Ortega, Hector Sanchez, Ramon Sosamontes, Mauro Gonzalez Luna, Javier Gonzalez, Rosa Marquez, Armando Quintero, Cuauhtemoc Sandoval, Jesus Zambrano, Antonio Tenorio Adame, Pedro Ettiene, and Francisco Patino; leaders Rene Bejarano, Nuria Fernandez, Cesar Buenrostro, Raul Villegas, Fernando Sanchez, Aquiles Magana, Superbarrio Gomez, and Javier Hidalgo; forum experts Bernardo Batiz and Gabriel Mendieta; and Edgar Sanchez, of the PRT [Revolutionary Workers' Party], attended the act.

PAN Announces Position on Former President Salinas

PA1312012295 Mexico City XEW Television Network in Spanish 0400 GMT 8 Dec 95

[Report by Dalila Antuna from the "24 Hours" newscast]

[FBIS Translated Text] The National Action Party [PAN] publicly announced its position today with respect to former President Carlos Salinas de Gortari.

The PAN decided it would abstain from joining the lynching of the Salinas six-year presidential term. In a communique, which was read during a news conference by this party's Secretary General Federico Ling Altamirano, the PAN expresses as follows:

[Begin Ling recording] Years of constant impunity and undemocratic faction power, the official party is the one that has caused what we are experiencing today. The PAN will in no way take part in a lynch forum, and neither does it plan to meddle in the internal affairs of other political parties. [end recording]

Newspaper reporters gathered during the press conference questioned Mr. Ling with respect to the support provided by the PAN to several of Carlos Salinas' initiatives and government programs. In reply, Mr. Ling explained as follows:

[Begin recording] Let us be prudent. We are involved in politics and good choices as well as bad choices are made by individuals and institutions. It was within that context that the PAN was related to Salinas. [end recording]

Prompted by reporters who were unable to obtain a concrete answer with respect to whether or not the PAN would support a political trial against the former president, an initiative which has already been proposed by the PRD [Party of the Democratic Revolution], Ling Altamirano stated as follows:

[Begin recording] [Ling] No, sir. Every party proceeds in accordance to its own judgment.

[Unidentified reporter, interrupting] However, it is the people who are proposing it!

[Ling] Then we join the public outcry...

[Unidentified reporter, interrupting] [words indistinct]

[Ling] But not for an political trial but for an general trial which is what corresponds at this time. [end recording]

The PAN secretary general commented that if charges are filed against Carlos Salinas, irrefutable evidence must also be presented so that the charges cannot be thrown out.

Estimate: 1.5 Million Jobs Lost, Salaries Drop

PA1212132995 Mexico City NOTIMEX in Spanish 2034 GMT 8 Dec 95

[FBIS Translated Text] Mexico City, 8 Dec (NOTIMEX) — The Mexican Center for Economic Analysis and Forecast [Centro de Analisis y Proyecciones Economicas para Mexico — CAPEM] today estimated that nearly 1.5 million jobs will disappear from the formal sector of the economy during 1995, while real salaries will drop by 20 percent.

Antonio Castro Quiroz, the general director of CAPEM, an Oxford Economic Forecasting center, stated that the Mexican economy suffered a 7 percent drop during 1995, the sharpest decline in 60 years.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Quiroz explained that the open unemployment rate had increased to 7.5 percent of the economically active population during September, twice the rate of the year before.

According to Quiroz, "the social debt has reached alarming levels. It is an irregularity that must be urgently dealt with while it remains manageable."

On the behavior of the country's financial markets, the director warned that "without a healthy productive sector to maintain financial stability, they could continue to be sensitive to the actions of speculators and all kinds of rumors."

Quiroz said the lack of confidence is at the root of the country's economic crisis. Finding a permanent solution will necessarily require that all the economic factors recover that confidence."

The director explained that the economic recovery should come from the Mexican people's belief in the future feasibility of the national economy as a whole, not just the stabilization of the financial sector.

According to CAPEM data, the peso's depreciation reached 68.89 percent in November with an accumulated inflation of 48.35 percent, so the peso remains undervalued by 13.83 percent.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

El Salvador

President Applauds Police Inspector General Report

PA1312000995 San Salvador Radio Cadena YSU in Spanish 1230 GMT 8 Dec 95

[From the "YSU Radio News" newscast]

[FBIS Translated Excerpt] President Armando Calderon Sol has described as objective and excellent the report submitted by Victor Valle, inspector general of the National Civilian Police [PNC], which recommends a reorganization of the Order Preservation Unit.

Calderon Sol said the report is consistent with the current reality at the police institution.

[Begin Calderon Sol recording] We hope all the proper corrections are made at the PNC following the report submitted by the inspector general. This will contribute to the country's institutions and to the PNC itself. I believe the inspector general has drafted a very objective and excellent report. We hope all the recommendations contained in the report are implemented. [end recording]

The president also said he believes the legislative branch will approve the general budget before the end of the current year. Opposition deputies have said they will not vote for it as long as the deadlock caused by Decree 471 is not resolved.

[Begin Calderon Sol recording] As for Decree 471, we would have preferred not to take these type of measures, but we have to implement them for the sake of modernization, in an effort to seek greater efficiency in the use of state resources. We must eliminate the things that are unnecessary. The Salvadoran people have demanded the dismissal of unnecessary bureaucrats. These people will be given a good compensation and will be separated from the administration. They will be able to open up their own businesses with this compensation or they could be absorbed by the private sector. In addition, we will comply with the requirements to allocate state resources for the needy and for social programs. [end recording] [passage omitted]

Public Security Minister on 'Leftover' FMLN Weapons

PA1312001795 San Salvador Radio Cadena Sonora in Spanish 1730 GMT 5 Dec 95

[Report by Rene Alvarenga; from the "Sonora Newscast"]

[FBIS Translated Excerpt] [Passage omitted] [Alvarenga] Public Security Minister Hugo Barrera did not reject the possibility that there are still leftover weapons that pertained to the FMLN [Farabundo Marti National Liberation Front] during the war. Thus, he clearly referred to international reports in the sense that the FMLN was supplying weapons to Peruvian guerrillas.

[Begin Barrera recording] I think that there are leftover weapons. Remember that in these cases, many guerrilla members who knew about the warehouses, weapon caches, etc. died without telling anyone where these were. Therefore, [words indistinct] I believe that the FMLN should be questioned regarding possible weapon purchases by South American guerrillas because they should know what has happened. [end recording]

[Alvarenga] The public security minister stated that the PNC [National Civilian Police] will continue searching for more leftover weapons because he has no doubts about their existence, although he said he could not be sure as to the number of weapons that could be hidden at some weapon cache.

Guatemala

President: Opportunity To End Armed Conflict Lost

PA1212173195 Guatemala City PRENSA LIBRE in Spanish 10 Dec 95 p 6

[FBIS Translated Text] Guatemalan President Ramiro De Leon Carpio said yesterday at the end of the celebration of the anniversary of the Guatemalan Air Force, FAG, that the great opportunity to end the armed internal conflict has unfortunately been lost because of *the attitude of the URNG [Guatemalan National Revolutionary Unity] Command against signing agreements on intermediate topics and the agreement for a firm and lasting peace.*

I think that in the eyes of the Guatemalan people, the international community, and even themselves, the command members lost a great opportunity and occasion to join the country's ongoings and to take the only path to reach power. Guerrilla warfare has been totally rejected ideologically and operationally. The consequences of this will be paid by innocent people who will continue to sacrifice their lives in this futile conflict, the president said.

He added that the government will attend the new meeting scheduled to be held in Queretaro State, Mexico, on 11-16 December with *goodwill and willingness, but the international community knows that there is no willingness on the part of the subversives and, therefore, that positive results cannot be expected.*

De Leon Carpio said that as a Guatemalan and as president he "is saddened and finds it lamentable" that

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

there has been reluctance to end the conflict, because human lives are at stake and *children, women, adults, civilians, and Army personnel will continue to die, and, as a humanitarian, this is unfortunate.* He also said that never before in history had we been *so close* to reaching substantial agreements and signing peace and beginning the phase of reconciliation and reconstruction of the country.

For his part, Defense Minister Marco Antonio Gonzalez Taracena said there is expectation and hope the next round of negotiations will conclude with in-depth agreements to benefit the people despite signs no progress will be made.

One must bear in mind that the topic being discussed does not fall under the jurisdiction or specialty of the Army and is more the concern of economists and sociologists. Nevertheless, the Government delegation, which includes three generals, is ready to hold this negotiation, Gonzalez Taracena said.

The military officer also said *it would be unfortunate* if no substantial agreements are reached in next week's meeting, because the Guatemalan people *are already tired of so much violence derived from the region's oldest armed conflict.*

Nicaragua

Authorities Uncover Illegal Arms Shipment From Miami

PA1212234595 Managua EL NUEVO DIARIO in Spanish 12 Dec 95 pp 1, 8

[FBIS Translated Text] The Directorate of Economic Investigation [Direccion de Investigacion Economica — DIE] and Customs uncovered yesterday afternoon a contraband of high-caliber weapons from Miami, when it entered Managua in a container supposedly carrying household items.

A source, who remained anonymous for security reasons, told this newspaper that the shipment includes three UZI machine guns, several 3.80 caliber and 9mm pistols, a rifle outfitted with a sharpshooter's scope, and 2,000 rounds of various caliber ammunition.

The mysterious shipment was first taken to El Rama, where it remained several days unchecked by local customs officials. The source explained that normally these sort of shipments [household goods] are not checked, but the container was searched due to strong DIE suspicions and then they met with the surprise deadly shipment.

The arms shipment was brought into the country in the name of a person who we will not disclose yet until the proper authorities investigate and make charges.

The container was being inspected yesterday afternoon in the CADELSA warehouse, located south of the Shell service station located at the 7 km marker on the north highway. The case has been forwarded to the office of Roman Bonilla at the DGA [General Customs Directorate].

Liberal Party President on Electoral Strategy

PA1212194595 Managua BARRICADA in Spanish 4 Dec 95 pp 1, 7

[Interview with Wilfredo Navarro, president of Independent Liberal Party, by Noel Irias in Managua; date not given — first two paragraphs are BARRICADA introduction]

[FBIS Translated Text] Independent Liberal Party [PLI] President Wilfredo Navarro was chosen as the running mate of presidential candidate Virgilio Godoy at his party's convention.

Navarro talked at length to BARRICADA about his party's electoral strategy and the negotiations with the Liberal Constitutionalist Party [PLC] and the FSLN [Sandinst National Liberation Front].

[Irias] What is the PLI's electoral strategy following the convention?

[Navarro] We are launching our electoral campaign, our strategy of broad opening toward convergence with the country's various democratic political forces. This makes it mandatory to open processes of communication and negotiation that had been handled unofficially before the convention.

Now we are going to begin a firm process of political negotiation with the priority goal of creating a force that constitutes an electoral option with possibilities of victory in which democratic forces participate.

We are convinced one party alone cannot win the country's elections, and, more importantly, it is not so much that it cannot win the elections but, rather, that one party cannot provide a coherent solution to the crisis Nicaragua is experiencing.

We have decided that the democratic forces that can join us in this effort are those that basically uphold the concept of unrestricted support for the right of ownership, human rights, the rule of law, and respect for the supremacy of the law.

[Irias] What are the names of these future allies?

[Navarro] I could not give you names right now, because we are in the process of establishing communications. Let me tell you: It is a sin in politics to begin by making exclusions.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Irias] Aren't you excluding an alliance with the Sandinists?

[Navarro] Every political force that shares Liberal democratic ideals and principles cannot be excluded. A Nicaragua for everyone must have the participation of all Nicaraguans. It is very important to establish this point, because many forces in this country say that they want democracy and freedom and that they defend the workers, yet they undo their words with their actions and statements. Thus, we are analyzing the behavior of the democratic forces so as to be able to define which ones will be our electoral allies.

[Irias] Is a future Liberal alliance ruled out already?

[Navarro] We have not ruled out the topic of a Liberal alliance. That is a hope we are trying to keep alive. Even after uniting the Liberal family, we would continue seeking an opening toward the other forces that can support us in the effort of contributing with democracy.

[Irias] What is hampering a Liberal alliance?

[Navarro] We are saying all Liberal institutions must disappear so as to give rise to a single Liberal political organization in order to achieve a Liberal unity. The other Liberals understand unity as a corporation, however, in which there is a majority partner. The PLI is proposing that we clearly define whether this is an alliance, what is the role of each one of the political parties within the alliance, and this is what the PLC does not accept. They are saying: Let us form an alliance and see what role each party plays later.

We are going to join that alliance but not as the tail end or as silent partners in that Liberal alliance, because we have much to contribute to the unity or alliance process.

[Irias] As far as we know, the PLC offered you juicy posts in the unity talks. Is that true?

[Navarro] In the discussion on the role of each party, we understood that the proposal was to give a 32 percent share to the PLI and a 68 percent share to the PLC.

We reached a specific agreement with Arnoldo Aleman following a month and a half of negotiations in which it was agreed the PLI would have 14 deputies, two autonomous bodies, one decentralized organization, the presidency of the unified Liberal Party, and the mayoralties of Managua and other cities. That proposal was attractive, and we accepted it. A week after the proposal was made, and in Aleman's absence, PLC leaders said the proposal was reduced to less than 50 percent for us. That forced us to withdraw from the conversations, and Aleman called me afterward to tell me either to accept what they were offering me or to forget the alliance. We do not accept that kind of imposition.

[Irias] Is Virgilo Godoy's candidacy negotiable?

[Navarro] For me, the unity of Liberalism is worth more than any candidacy. I understand Godoy is a man who has a high regard for unity, and, for us, the unity of Liberalism is worth more than a candidacy.

The negotiation is open; everything is negotiable. We espouse the cause of Liberalism, but we are not martyrs. If the PLI adopts an open position, the PLC has to do likewise.

[Irias] Everything is negotiable?

[Navarro] It is, but there has to be reciprocity. We feel we must head toward unity or alliance without any strong-arm tactics, preconceived notions but, rather, think in terms of, say, I give to you, you give to me, I offer you.

[Irias] What are you proposing in the face of that inevitable factor; that is, the FSLN?

[Navarro] We must have dialogue if we truly want to pave the way toward democracy. We have to learn to respect each other and understand that one cannot impose one's views on the FSLN. Also, the time has passed in which the FSLN tried to impose its ideas.

We must hold talks with all the political forces in Nicaragua to create the electoral climate favorable to make the 1996 elections a democratic feast. We can reach consensus among all of the country's forces about an electoral ethic.

Now, the position by Liberals and, primarily, the independent Liberalism is certainly not very close to that which the FSLN has held.

The FSLN is responsible for showing the Nicaraguan people that it has really changed and that it will not adopt the positions of the past because the problem is that everybody is afraid of it.

We are talking about the FSLN in general. We believe all the forces that have participated in the FSLN government must show the people they have really changed and have a true commitment with democracy.

[Irias] In real, political terms, now, the percentage of votes they are likely to obtain makes the Sandinists important for an electoral victory?

[Navarro] I believe the crux of the matter will be in the second round. Most parties want to prove themselves, and it will be in the second round when we will see a negotiation process with all the political forces that come out on top.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Panama

President Warns Against Opposition Within PRD

PA1212194395 Panama City EL PANAMA AMERICA in Spanish 12 Dec 95 p 1A

[Report by Jose Montano]

[FBIS Translated Text] President Ernesto Perez Balladares — during a Democratic Revolutionary Party (PRD) event — warned that he will remove from his administration "all of those who do not work and do not support the administration's actions."

Perez Balladares, who asked the PRD for its help in energizing his administration, said that 15 of the 60 months he will have in office have already transpired: "twenty five percent of our time is up and I want to see specific works."

"Comrades and friends, there is no other way to move ahead with our plans," the president said, underscoring the need to eliminate red tape.

Perez Balladares, who is also the PRD's secretary general, accused the fellow party members who oppose him of "saying nonsense to the news media."

In Sunday's edition of "EL PANAMA AMERICA," former PRD ministers Pedro Pereira and Mario Rognoni questioned the reelection of the current PRD hierarchy.

"They are the people whom we know, who have taken advantage of the party and have not served the party... but they are not showing their faces... because they are hiding under the skirts of other men and women," Perez Balladares said.

He continued attacking his internal adversaries, saying that these are the same people who "traditionally" want to "live off of the government and use the party; they were the ones who led us to the setback which our party unfortunately suffered... and they will never again come this way."

Perez Balladares challenged anyone aspiring to the PRD's National Executive Committee to do so without fear of "reprisals." But campaigning must be done in here "within the party's ranks, talking with our delegates and not saying nonsense to the news media," he added.

Legislators Discuss Approval of 1996 Budget

PA1212214795 Panama City Circuito RPC Television in Spanish 2300 GMT 7 Dec 95

[Report by Alvaro Alvarado; from the "RPC Television News" newscast]

[FBIS Translated Text] The state's general budget for next year will total $4.731 billion and includes investments for $1.788 billion. The opposition seems to be convinced of the role it must play on this occasion. Authentic Liberal Party Legislator Alberto Cigarruista feels that maturity must prevail, without forgetting the role of critic and watchdog it must play.

[Begin Cigarruista recording] We have analyzed this budget and seen it with a great deal of political maturity and seriousness. We have leveled criticism, because we have said this is not a good budget, as it has been inflated and depends on loans that will come in 1996 to be able to implement investment projects. As our guiding principle, we have decided not to... [pauses] prevent the country from having a national budget.

Cigarruista added that in this way, the opposition seeks to show the country that the government and not public administration, is the one that is stagnant. Democratic Revolutionary Party Legislator Gerardo Gonzalez acknowledges the budget contains some errors but is certain that this is one of the best budgets drafted in recent years in Panama.

[Gonzalez] We are not including investments that are promoted by the government's economic policy that are not part of the budget, such as the Panama-Colon Highway, for a little over 300 million balboas, the Southern Corridor, and so forth. Based on laws and the administration's provisions, they are being implemented or will be implemented next year. We are talking of over 2 billion balboas in investments.

The most important component of investments can be found in social sector, Gonzalez stated, referring to the increase in the universities' budget. In addition, 30 million balboas were included to repair all of the country's primary level schools. The opposition seems to have little faith in the amount earmarked for this investments.

[Arnulfist Party Legislator Bolivar Pariente] Why write in the amount of 1.2 million balboas. This is a deceptive and hollow amount that makes no sense if it is not implemented. They could have written in 1.5 billion balboas, 1.8 billion balboas, or 2 billion balboas, since they are not going to implement them. President Ernesto Perez Balladares concludes his first fiscal period with 50 percent of the investment budget that has not been implemented. [end recording]

The budget is to be forwarded to President Perez Balladares to be sanctioned and published in the GACETA OFICIAL.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Daily Questions Whether Nation Ready To Receive Canal

PA1312001095 Panama City LA PRENSA in Spanish 12 Dec 95 p 1A

[From the "As of Today" column]

[FBIS Translated Text] With the results of yesterday's Dichter and Neira poll, the public has sent a message to current and future leaders. The Panama Canal, as well as the reverted areas, are the patrimony of all Panamanians, even those who have not been born yet. Behind the percentages there are some fundamental concerns: That we may not be able to manage efficiently the waterway; that the amendments the Executive introduced into the ARI [Interoceanic Region Authority] Law may turn it into a booty of the politicians who are victorious at the polls. The election of the Board of Directors has fanned those concerns. The criterion that should have prevailed was efficiency not representativeness, which, as we know, is impossible to achieve. Since the Treaties were approved, we have wasted precious time instead of getting ready to receive and administer the waterway and the properties that were part of the former Canal Zone. At that time, we had a little over 20 years until 2000. As the tango goes, "Twenty Years Go So Quickly," but it seemed an eternity to the leaders of the process [reference to the military dictatorship] who chose to do nothing other than to utter nationalist harangues. Meanwhile, property that was reverted we either destroyed or allowed to go to wasted. We were not up to the responsibility with which we would be tasked and so we rushed to create transition boards and commissions to make up for our neglect and lack of foresight. Can we do in four years what we could not in 20 years, that is, to prepare the country for greatest event of its history?

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Argentina

Vice Minister Denies U.S. Made Threat on Patent Law

PY1212212995 Buenos Aires TELAM in Spanish 1235 GMT 12 Dec 95

[FBIS Translated Text] Buenos Aires, 12 Dec (TELAM) — Vice Foreign Minister Fernando Petrella today stressed that the United States has not threatened Argentina with trade sanctions following the recent approval of the Patent Law.

Petrella indicated: "My interpretation of the talk" on 11 December with U.S. Ambassador James Cheek "is that in principle there was no threat" against Argentina.

He added: "Argentina has not received any threats from the United States, but the indications are that the there could still be a reaction."

The vice foreign minister told Radio Mitre that "the most recent approval" by Congress "apparently does not satisfy the intellectual property requirements of the U.S. Government."

He said: "The ambassador came to inform us (on 11 December) about a series of informative meetings that he maintained (in Washington) last week. It is certain that the topic of patents, among others, were discussed during those meetings. He said his government is studying the most recent law approved by the Chamber of Deputies."

Petrella referred to his meeting on 11 December with Cheek at the Foreign Ministry, when the U.S. diplomat informed Petrella of the first impressions of the U.S. Government on the Patent Law that was approved on 7 December.

He said that Foreign Minister Guido Di Tella "was "immediately informed of the dialogue with Cheek, and commented to the media that there is always the possibility of vetoing the law, but the Foreign Ministry is not recommending any action at this time." [quotation marks as received]

Envoy to U.S.: Ties 'Could Not Be Better'

PY1212185695 Buenos Aires TELAM in Spanish 1853 GMT 11 Dec 95

[FBIS Translated Text] Buenos Aires, 11 Dec (TELAM) — Raul Granillo Ocampo, Argentine ambassador to the United States, has emphasized that relations with the United States could not be better. He announced that U.S. exports to Latin America would increase.

During a Rotary Club meeting at the Marriott Plaza Hotel in Buenos Aires, Granillo Ocampo noted: "The relations between the two countries could not be better."

In this regard, the diplomat emphasized "the growth in exports, which totaled 43 percent in 1994" and "the political support and the special financial package received" when Argentina was affected by the Mexican crisis.

Granillo Ocampo stated that "we Latin Americans" used "to believe that the United States wanted to impose its hegemonic political model, (but) today this has disappeared, or, at least, there is not such a strong perception."

The diplomat emphasized that this change occurred "because we have become aware of our economic and practical interest in integration."

The ambassador said: "If we concentrate on the U.S. side, it is also specifically interested in looking at our region. (The U.S.) has discovered that it is selling much more to Chile and Costa Rica than to all of Eastern Europe."

Afterward, Granillo Ocampo announced: "By the year 2010, U.S. exports to Latin America will equal or surpass the combined U.S. exports to Europe and Japan."

Granillo Ocampo emphasized: "Argentina has perfectly established its goals and the ways of achieving them." He noted: "Among nations, Argentina is being described as a cultured and flexible country. Therefore, the conditions for success are there."

The ambassador also noted "Argentina's integration into the international community," emphasizing that "it is necessary for the 35 countries of the Americas to integrate themselves economically."

Granillo Ocampo said: "Argentina has become one of the fastest growing countries in the world and one of the countries with the highest income per capita in the world."

Granillo pointed out that, "upon establishing an open economic system," President Carlos Menem "necessarily had to have a perception of Argentina's status in the international arena." He noted: "This phenomenon prompts countries to achieve economic integration."

Granillo Ocampo underscored: "Argentina cannot be isolated within the international community."

Subsequently, the ambassador emphasized that even though "the system is full of problems and mistakes, they are not substantial problems." He said companies "should be able to compete (within) our country and abroad."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Discussing the technological revolution and economic globalization, the diplomat pointed out that the challenge involves "harmonizing the economic systems (prevailing in various countries) and seeking international integration."

Granillo Ocampo mentioned "the population growth of 1 billion per decade (in the entire world)," which "means that we will have to produce energy, fresh water, and infrastructure for a huge number of people on our planet."

The ambassador added: "Ninety-five percent of this growth will take place in the poorest countries." He noted: "This growth requires enhancing the cooperation process among nations."

Strategy Behind Fishing, Oil Accord With UK Viewed

PY1212222895 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2237 GMT 8 Dec 95

[Special report for NOTICIAS ARGENTINAS by Jose Maria Monzon]

[FBIS Translated Text] The Argentine and UK Governments will endeavor to hammer out a long-term agreement on fishing in the South Atlantic. To achieve this, it is almost certain that Argentine Foreign Minister Guido Di Tella and UK Foreign Secretary Malcolm Rifkind will meet in Madrid on 15 December.

This meeting, during which they will try to break the deadlock on one of the central issues pertaining to relations between Argentina and the United Kingdom, will be held against the backdrop of the summit meeting of Mercosur [Common Market of the South] and EU heads of state and government, during which a framework agreement on economic cooperation will be signed.

The Madrid meeting will also enable President Carlos Menem to contact [UK] Prime Minister John Major once again. Although no private meeting has been scheduled this time, the possibility of an informal talk between Menem and Major cannot be ruled out in view of the positive outcome of their first meeting in New York in October.

The UK and Argentine Governments have so far only reached a preliminary fishing agreement, although they committed themselves to deepen negotiations to include a long-term agreement that will enable them to make rapid strides in bilateral cooperation.

The common ground so far concerns the maintenance of the squid catch quotas both countries implemented last year and measures to ensure control and regulate catches by fleets from third countries.

This preliminary agreement was reached 20 days ago after a year in which negotiations were frustrated by Argentina in retaliation for the United Kingdom's unilateral decision to enlarge its fishing zone to the so-called "GAP" (GAP [Brecha] in English).

Undoubtedly, the climate of goodwill between both governments following the agreement on oil prospecting the waters around the Malvinas Islands contributed greatly to overcome the stalemate in negotiating a fishing agreement. Although the last word has not yet been said, it is estimated that neither Di Tella or Rifkind will hinder negotiations toward a full agreement.

Argentina believes prior agreement on "a veritable coordination" of catch quotas, of the fishing season dates, and of the vessels and nets permitted, should be a prerequisite for a long-term commitment.

The Kelpers are the most interested party in an agreement between Argentina and Great Britain because it would guarantee them the continuity, without any conflict, of their main source of revenue; namely the granting of fishing licenses.

The main objective Argentina is pursuing, however, is political rather than economic. By signing cooperation agreements on certain activities like oil prospecting or fishing, Argentina is at the same time making inroads into the area it claims as its own.

Leaving negotiations of the fishing accord aside, Di Tella and his British counterpart still have pending discussions on some matters that pertain to bilateral relations. And then there is the subject of the invitation Menem has made to Major to visit Argentina and invitation Major has made to Menem to visit the United Kingdom.

The Foreign Ministry is determined not to let things fizzle out and intends to get the UK Government to send a formal invitation to Menem in the first half of 1996. The Argentine strategy is, to a considerable extent, based on avoiding friction with the British to force them to quicken the pace.

The Argentine head of state has for years dreamed of a state visit to the United Kingdom since he considers this will be the crowning success of his policy over the Malvinas Islands which — contrary to the one implemented by the Radical administration — prioritized bilateral dialogue over insistent claims to sovereignty over the South Atlantic islands.

Time alone will tell if these agreements and visits will bring us closer to our objective of regaining

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

sovereignty over the Malvinas Islands or if they only serve to improve relations between two circumstantial administrations like the Justicialist administration in Argentina and the Conservative Government in the United Kingdom.

Menem promised on several occasions that by 2000, Argentina will have regained sovereignty over the islands. Nevertheless, events show that while a politician — important and influential though he may be — may calculate, it is another quite different story when the real events are unfolding.

The path of agreement and concession on unsubstantial questions is not bad in itself, but it is only fair to acknowledge that it may be slow and at times winding.

Economy Minister Departs for Madrid 12 Dec

PY1212203895 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1906 GMT 12 Dec 95

[FBIS Translated Excerpt] Economy Minister Domingo Cavallo departed this afternoon for Madrid, where he will meet with the members of the Club of Europe [Club de Europa]. He will also participate in the signing of the integration document between Mercosur [Common Market of the South] and the EU. [passage omitted]

On 15 December he will participate in a breakfast, with President Carlos Menem, organized by the Club of Europe which comprises European businessmen and bankers. [passage omitted]

Cavallo will depart for Buenos Aires on the afternoon of 15 December and is expected to arrive at Ezeiza International Airport the following morning.

Lower House Defense Committee Official on Arms Case

PY1212190795 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1653 GMT 9 Dec 95

[FBIS Translated Excerpt] Buenos Aires, 9 Dec (NA) — Horacio Jaunarena, the Chamber of Deputies Defense Committee deputy chairman, today held Defense Minister Oscar Camilion responsible for the illegal sale of Argentine arms to Ecuador and Croatia, and accused him of being the main link of a "chain of instances of negligence."

Jaunarena emphasized: "Here there were a number of irregularities, anomalies, and instances of negligence, not to mention acts of complicity, committed by government officials who not only made our country play a ridiculous role, but also made our country appear to be violating an embargo, as in Croatia's case. Concerning the conflict between Ecuador and Peru, it involved a double violation, as Argentina was a guarantor of the peace treaty between these two nations."

Therefore, the deputy and former defense minister under the Alfonsin administration directly pointed at Camilion, emphasizing: "The situation is extremely reprehensible because, without any doubt, the defense minister is responsible here."

Last week, there was a strong power struggle between Camilion and the foreign minister over responsibility for the sale of 6,500 tonnes of Argentine arms and ammunition to Croatia between 1991 and 1995, despite the existence of a UN embargo against arms sales to Croatia.

In remarks to a radio station this morning, the former defense minister explained: "This operation was full of irregularities. Here arms were sold to a ghost company. No one had the idea of confirming the status of the company, its background, or its staff. If these things are not confirmed, anyone could wind up selling arms not only to Croatia, but to the Shining Path or a group of drug traffickers."

Jaunarena also pointed out that this "anomaly was based on a certificate whose final destination was Panama," which should have raised some doubts.

Jaunarena noted: "No one had the idea of sending a fax to our ambassador in Panama to ask the Panamanian Government if that certificate was actually authentic."

Jaunarena added: "Panama has not had an Army for a few years now. The fact that a country without Armed Forces purchased such a tonnage of arms did not capture anyone's attention."

The former defense minister noted: "This notwithstanding, the shipment was made through the Croatia Line. And no one had the idea of associating the name of the shipping line with Croatia, where there was a huge armed conflict."

Therefore, the UCR [Radical Civic Union] deputy emphasized: "The chain of instances of negligence makes it impossible to assume that former Military Industries Director Luis Sarlenga — who currently is involved in a case being heard by Judge Jorge Urso — alone is responsible for this incident, but confirms that a number of people have been involved in this scandal, people who have not yet been held accountable."

In this regard, Jaunarena noted that an arms sales operation requires the approval of a "triumvirate," made up of a Defense Ministry representative, an Economy Ministry representative, and a Foreign Ministry representative, "and not one of these representatives apparently noticed the chain of anomalies that are fairly obvious."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Even though he acknowledged that an arms sales operation normally is made through a decree signed by the defense minister and the president, Jaunarena explained that the authorization for selling arms to Croatia "was anomalous from the beginning."

Jaunarena explained: "In this operation, there was a general decree signed by President Carlos Menem. The decree included a kind of inventory of the arms that could be sold and a global price." [passage omitted]

Brazil

DEA Agents Reportedly Operating 'Illegally'

PY1312013595 Rio de Janeiro JORNAL DO BRASIL in Portuguese 9 Dec 95 p 2

[Report by Leandro Fortes]

[FBIS Translated Text] Agents of the DEA (Drug Enforcement Administration), the U.S. drug enforcement department, operate illegally in the Brazilian Amazon. By means of a radar system installed on the Colombian and Peruvian borders, thanks to a cooperation agreement with the mentioned countries, the Americans detect the entry of clandestine aircraft and, through illegal actions, seize drug traffickers in Brazilian territory, without previously notifying the Federal Police and without the government's authorization. Even when the traffickers are captured in Brazilian territory, the Americans say they were caught in Colombia or Peru and extradite them to the United States, where they are tried.

Calha Norte — Two years ago the Army determined, with the help of informers, the presence of U.S. agents in Calha Norte, near Tabatinga town (AM) [Amazonas], in Brazil, and informed the Aeronautics Ministry. In the Colombian city Leticia, a few kilometers from Tabatinga, there is a radar set up by Colombia and the United States with both antennas facing Brazil. Brigadier Jose Alfredo Sobreira de Sampaio, commander of the 7th Regional Air Command (Comar), headquartered in Manaus (AM), confirmed in the JORNAL DO BRASIL 8 December issue that the radars installed on the Colombian and Peruvian borders are operated by the Americans and that they cover up to 300 km inside Brazilian territory.

An officer of the Armed Forces intelligence service stated yesterday that without the Amazon Region Surveillance System (Sivam), the government has no way of neutralizing the illegal activities of the DEA agents in Brazilian territory.

According to a report by the Armed Forces intelligence service, the DEA operations are the direct consequence of the "great security vacuum" in the Amazon, which is becoming a more and more popular route for drug trafficking. The military men assert that without an integrated Brazilian radar system in the region, it is impossible to prove that Brazilian territory is being violated. The officer of the intelligence service asserted that "only Sivam will expedite our actions."

According to Aeronautics Colonel Carlos Jose Pollhuber, in the reserve, who is Sivam regional superintendent in Manaus, in January or February the Aeronautics Ministry will start operating a long-range radar — run on a diesel oil generator — in Tabatinga, thus completing an air control mechanism comprising another three radars installed in Manaus, Sao Gabriel da Cachoeira (AM), and Boavista (RR) [Roraima] that will monitor the air traffic in a minimum portion of the Amazon, whose area represents 52 percent of Brazilian territory. These radars were supplied by the French enterprise Thomson, which lost the Sivam project to the U.S. Raytheon company, still in the time when Thomson set up the Dacta (Air Defense and Traffic Control) system.

Cardoso Views 'Pink File' Case Prior to PRC Visit

PY1212172695 Sao Paulo AGENCIA ESTADO in Portuguese 1737 GMT 12 Dec 95

[Report by Tania Monteiro]

[FBIS Translated Excerpt] Brasilia, 10 Dec (AE) — Before embarking for the PRC today, President Fernando Henrique Cardoso clearly denied that he knew about the contents of the "pink file" in the Central Bank which contains the names of politicians who allegedly received contributions from the Economico Bank for their election campaign in 1990. "There should be more respect for the words of the authority," he said at the Brasilia air base. The news conference was held at the president's own initiative.

Cardoso not only stressed his confidence in the Central Bank directors but he also defended them. "No director would be responsible for a leak of that kind," he said in response to the suspicions raised by some newspapers that the Central Bank was responsible for leaking the information.

The president smoothed the attitude of Senator Antonio Carlos Magalhaes (PFL-BA) [Liberal Front Party-Bahia], who had called the Central Bank directors "outlaws." Cardoso said that he met with Magalhaes on 7 December and that the senator had "fairly" complained, "with indignation, for having been surprised in regards to the leaking of information from the pink file."

President Cardoso made an appeal for "good sense so that imagination does not surpass reality," adding that "the president of the Republic does not participate in schemes." In President Cardoso's opinion, the charges

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

against the Sivam [Amazon Region Surveillance System] project are no more than "a tempest in a teacup." In order to demonstrate that the government is not facing a political crisis, he concluded the news conference with a common metaphor among the military: "The sky belongs to the brigadier."

The following are excerpts of president Cardoso's news conference:

[Cardoso] Given that the trip is long, Before saying goodbye I want to state here that I am going to the PRC and Malaysia, and passing through Spain, confident in Brazil, in our growing possibilities, with the hope that the entire country will continue working and that the difficulties that have arisen will be eliminated. I also want to clearly establish that those rumors to the effect that I knew about the pink file are not true. Speculation must stop, especially speculation regarding the president of the Republic. There should be more respect for the words of the authority. The issue involving the leaking of the information from the pink file which the Central Bank has possessed since the Economico Bank was placed in trusteeship, with names of congressmen who allegedly received financial contributions for their campaigns (when such practices were not regulated), has already been referred to Attorney General Geraldo Brindeiro. It is a matter that must be judged in case a crime was committed — which apparently is not the case. We must stop imagining schemes. The president of the Republic does not participate in schemes of any kind.

[Unidentified reporter] Do you believe that you are the victim of a plot being prepared within the government?

[Cardoso] I am not the victim of any plot. Look, such a question is not applicable. There is no plot. There is simply a normal thirst for information, and I am directly giving you all the information. These issues should be discussed with total calmness. What is wrong must be corrected. I have always said this. Did you see the Sivam issue (on charges of irregularities in the contract with the U.S. company Raytheon)? It is a tempest in a teacup. Things were clarified and there is nothing irregular. Let us work, and let us believe in ourselves, in Brazil. Let us reduce the anxiety level a bit to try to clarify some strange issues. If there are irregularities, alright. They turn up, and the president of the Republic will be the first to correct them. [passage omitted]

President Discusses PRC Cooperation Protocol

PY1212164995 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 12 Dec 95

[Statement by President Fernando Henrique Cardoso for the weekly "A Word From the President" program]

[FBIS Translated Text] My subject today is development. Right now I am in the PRC, looking after Brazilian technological interests. Here I will sign a protocol of cooperation between our country and the PRC. The Chinese want to build a hydroelectric dam — the Three Gorges dam, which will be larger than our Itaipu hydroelectric dam. We can help them in this project.

The Chinese are experts in the construction of small hydroelectric plants. They have a training center in the city of (Hanson) which the United Nations has classified as excellent. The protocol that will be signed tomorrow envisages the training of Brazilian experts at (Hanson).

The protocol also foresees the arrival of Brazilian experts from Eletrobras and Furnas to help the Chinese build the Three Gorges hydroelectric dam.

We Brazilians are used to growing by constructing large projects like the trans-Amazonic Highway and the Itaipu dam. At the time those projects were built, the Brazilian Government had a lot of money to spend. Currently, however, we have fewer resources and different needs. One of them is to create more jobs, preferably in the same city where workers live.

With a down-to-earth attitude, we have changed the construction projects policy of the Mines and Energy Ministry in the past 11 months. Congress has approved laws that allow private companies to participate in fields that were prohibited to them in the past. Such is the case with mining, oil, and energy, especially electricity.

We need electricity for our development, and hydroelectric dams can be built near the many waterfalls located in different parts of our country. Our objective is not to carry out projects that will become symbols of our administration. We want to build, together with private companies, small hydroelectric dams where they are really necessary. This is why the Mines and Energy Ministry is implementing a bidding program that will extend to the year 2004. This program shows entrepreneurs what the country needs and where they can participate. The program foresees bids amounting to a total of 37 billion reals for the construction of small hydroelectric dams, thermal electric plants, or a large hydroelectric central.

I want to take this opportunity to invite our entrepreneurs to participate in these projects because they will

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

help the country grow and they will earn money. I encourage private entrepreneurs to make partnerships with our excellent experts from public electricity companies and create companies to really participate in the bidding program. All these projects will increase our energy generating capability by more than 32,000 megawatts. We are currently producing 55,000 megawatts in the entire country. This means that electricity will be available in more Brazilian homes, and that industries will be able to work without the fear of energy shortages and also ultimately pay lower utility rates.

Besides implementing this bidding program, the Mines and Energy Ministry is following up on the construction of 22 projects in several states. These projects will be concluded because state energy companies are seeking private partnerships. The Mines and Energy Ministry has already authorized 15 new concessions for large or medium-sized projects, like the Muniz Freire Plant in Espirito Santo, Quiuma Amorim in Minas Gerais State, and Guapore in Mato Grosso State, or small hydroelectric centrals like those of Sao Gabriel da Cachoeira in Amazonas and Juizinho in Rio Grande do Sul State.

With this new Mines and Energy Ministry policy, the government will no longer work on its own or be the only one to spend money. This is how countries have developed, by combining government initiatives with the intelligence and resources of society. This is our path for social justice: The distribution of progress in all parts of our country, and the use of our resources to create employment opportunities and wealth for all Brazilian citizens.

Further Reportage on Sivam Amazon Survey Project

Radars Operated by U.S. Technicians

PY1212191395 Rio de Janeiro JORNAL DO BRASIL in Portuguese 8 Dec 95 p 3

[By Orlando Farias]

[FBIS Translated Text] Manaus — The U.S. Government knows what is happening throughout almost the entire Amazon jungle via its radar installations in Colombia and Peru, which are operated exclusively by U.S. Government technicians; and it will soon be doing the same in Venezuela. This information was given to JORNAL DO BRASIL on 7 December by Major-Brigadier Jose Alfredo Sobreira de Sampaio, chief of the 7th Regional Air Command (Comar), who advocates the immediate implementation of the Sivam [Amazon Region Surveillance System] project.

The commander emphasized that those radar installations enable the United States to control part of Brazilian airspace. "Radar installations on the border, like the one in Leticia, Colombia, cover up to 300 km inside Brazilian territory," the commander said, adding that Brazil cannot permit this.

He explained that the radar installations are operated and controlled exclusively by U.S. technicians. He said: "Even the water they drink is brought from the United States." He believes Sivam will enable Brazilians to know what others already know about the Amazon region. He sees no contradiction in the fact that the U.S. Raytheon firm has been selected to implement the system. Contrary to what occurs with the U.S. radar installations in Peru and Colombia, Sivam's technicians and intelligence (software) will be Brazilian.

The commander — who heads the Air Force in the region in which Sivam will be installed — finds it strange that PMDB [Brazilian Democratic Movement Party] Senator Gilberto Miranda (AM) [Amazonas], the rapporteur of the project in the Senate, did not try to obtain information from the officials who designed Sivam, some of whom are headquartered in the Amazon region. "At no time did the Senator try to contact us," the commander said.

Spokesman: U.S. Radars 'Normal'

PY1312015295 Rio de Janeiro JORNAL DO BRASIL in Portuguese 9 Dec 95 p 2

[FBIS Translated Text] Yesterday, through his spokesman Ambassador Sergio Amaral, President Fernando Henrique Cardoso asserted that the presence of U.S. radars on the Brazilian border with Peru and Colombia does not represent "a violation of national sovereignty." According to Sergio Amaral, the presence of radars on the border is "something normal" and Brazil also has similar equipment in other regions. Itamaraty refused to make any comments on the issue, arguing that it knew nothing about it.

The spokesman said: "A radar set up on the border, obviously, can cover the border region but this does not mean it has been set up to monitor national territory." According to Sergio Amaral, the U.S. satellites cover a much broader area than the radars but the Brazilian Government is not concerned about that.

Sergio Amaral went on to say: "The geostatic orbit satellites that many countries have, including Brazil, have a greater scope, but that does not mean that this different type of surveillance represents a violation of national sovereignty."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Report Conclusions Announced

PY1212211595 Rio de Janeiro JORNAL DO BRASIL in Portuguese 8 Dec 95 p 3

[FBIS Translated Text] If the Brazilian Government cancels the contract with Raytheon for the supply of equipment for the Sivam [Amazon Region Surveillance System] project before 23 December, it will have to pay Raytheon compensation. The amount will depend on the losses Raytheon alleges it incurs. This conclusion is included in the report Senator Jose Roberto Arruda (PSDB-DF) [Brazilian Social Democracy Party-Federal District] sent yesterday in a black folder to Senator Ramez Tebet (PMDB-MS) [Brazilian Democratic Movement Party-Mato Grosso], the rapporteur of the Sivam project in the super Senate committee.

Arruda's technical report is the administration's main defense to maintain the Amazon Region Surveillance System (Sivam) in the Senate. Arruda recommends the creation of a Special Legislative branch Committee to follow up, with the Aeronautics Ministry, all the stages of implementation of the Sivam project. He said: "That is the only way out of the impasse."

The report was drafted based on letters containing the answers of Aeronautics Minister Lelio Lobo, Science and Technology Minister Jose Israel Vargas, and Strategic Affairs Secretary Ronaldo Sardenberg.

The creation of the joint legislative and executive branches committee with the participation of the National Accounting Office (TCU) is supported by Brigadier Sergio Ferola, Aeronautics Research Department Chief and Aeronautics Chief of Staff, and by Army Minister General Zenildo Lucena. "We are very interested in forming a joint committee," said Brigadier Ferola. The committee would send a report to the Senate every three months. The only legal setback in Arruda's report is a Senate resolution that prohibits government suppliers to simultaneously act as its financial creditors.

Herewith the conclusions of Arruda's report:

— There is no need for a new tender,

— The selection of ESCA [Automation and Control Systems Engineering] (which has already been withdrawn from the project) and Raytheon do not show signs of irregularities,

— The power of the Senate is limited to authorizing or not the financing,

— There is consensus among the Aeronautics High Command that Raytheon is the best solution for Sivam,

— There was no overpricing in the selection of the radars,

- The French company Thomson obtained privileged information on the project but was not selected,

— The $150 million increase in ESCA's funds, which jumped from $110 million to $250 million, for integration services, [as published]

— If the contract were canceled, the Eximbank will not grant loans to Brazil in the future.

Project To Focus on Colombian Border

PY1212232695 Rio de Janeiro JORNAL DO BRASIL in Portuguese 10 Dec 95 p 4

[Report by Orlando Farias]

[FBIS Translated Text] The Amazon Region Surveillance System [Sivam] will monitor an area of 5.2 million square km, that is, 60 percent of Brazilian territory. Most attention, however, is focused on the 722 km of the Brazilian-Colombian border. Major Brigadier Marcos Antonio de Oliveira, Sivam Project Coordinator, told the Coppe [Coordination Board of Postgraduate Programs in Engineering] experts that that area is where most clandestine flights by drug traffickers and people engaged in contraband take place. This is why it will be given priority treatment for the installation of ground and air radars.

Along the Brazilian-Colombian border there are three towns and one city, Tabatinga, with 20,000 inhabitants, next to Leticia in Colombia. Federal Police experts have come to the conclusion that Tabatinga is used as a sort of operations base by drug traffickers. An investigation carried out by the Federal Police Superintendency during the past six months discovered several clandestine landing strips near Tabatinga. The main one, 60 km from the city, was where the coca leaves coming from Peru were brought before going to Colombia, were they were processed. This landing strip was bombed in November.

Regarded as a strategic region for the drug traffickers, the area on the Solimoes River bank staged a strange crime some three months ago. Traffickers feigned an attack by members of the Korubos indigenous tribe who are still uncivilized and attack with wooden clubs. The police found out that the plan was to scare the white population away from the region and not let the daily clandestine flights draw peoples' attention.

In the region that will be given priority treatment by the Sivam, gold and cocaine are used as currency. Ornamental fish from the Solimoes River are purchased by Colombian merchants and shipped illegally to the United States and Japan. Sao Gabriel da Cachoeira

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

city, during the past five years became the route for drugs sold in northern Colombia. Its population of 25,000 inhabitants, 80 percent of which are indigenous, suddenly attracted Colombian immigrants who now represent 5 percent of the population. In February half of the Colombians were expatriated or expelled for not having a permit to reside in Brazil. The kingpins of the drug cartels got annoyed and in retaliation perpetrated a bomb attack on the home of the judge who made the decision; Carlos Zamith Junior. Now, Zamith and his family are escorted by the Amazonas Military Police.

With so many examples of the audacity of the drug traffickers, of the people who engage in contraband, of clandestine gold diggers, the Air Force and the Army have decided to monitor the region. The Tucano aircraft, that will be adapted to carry out operations to repress crime, will be ready to react before the presence of any suspect aircraft.

Chile

Former Carabineros Chief Sentenced to Prison for Murder

PY1312024495 Madrid EFE in Spanish
2111 GMT 12 Dec 95

[FBIS Translated Excerpt] Santiago, 12 Dec (EFE) — On orders of the Sixth Military Court, retired Captain Hector Diaz Anderson, of the Carabineros militarized police, today entered the special Punta Peuco Prison. He was sentenced for the murder of a socialist student in 1985.

The former captain was sentenced to three years and one day imprisonment upon the establishment of his responsibility in the death of socialist student Carlos Godoy Echegoyen.

This happened on 22 February 1985, when Godoy was arrested at the police checkpoint in the locality of Quinteros, 130 km west of Santiago.

The sixth military court had ordered Diaz Anderson's imprisonment in June 1994, a ruling that was reaffirmed that September by the court martial.

The sentenced captain has avoided serving the sentence through several appeals for rectification of the ruling submitted by his lawyers to the Supreme Court, which finally rejected them.

Diaz Anderson is the 11th inmate to enter the Punta Peuco high security prison built by the government of President Eduardo Frei to hold military officers sentenced for human rights violations.

Former General Manuel Contreras and former Brigadier Pedro Espinoza, former chiefs of the secret police of the past military regime, accused of murdering Chilean Foreign Minister Orlando Letelier in 1976, are already serving their sentences there.

Eight Carabineros sentenced for the murder of three Communist leaders in 1985 are also serving their sentences at the Punta Peuco prison. [passage omitted]

Minister: Stance of Mercosur Members 'Inflexible'

PY1212163395 Madrid EFE in Spanish
2345 GMT 9 Dec 95

[FBIS Translated Text] Santiago, 9 Dec (EFE) — Chilean Agriculture Minister Emiliano Ortega said today that the signing of an agreement with the Common Market of the South (Mercosur) was postponed because some Mercosur members persist in their inflexible position.

The local press published today the comments made by Minister Ortega, who added: "My impression is that the initial list of exemptions of the four Mercosur members (Argentina, Brazil, Paraguay, and Uruguay) excluded too many products."

He said: "It would be hard for Chile to lose its long-standing trade agreements that were achieved within the framework of the Latin American Integration Association (ALADI) or through bilateral agreements."

Ortega added that it would be difficult to explain why Chile cannot continue with the preferences granted in the cases of wine or horticultural or agroindustrial products.

Ortega said: "Some members of the Mercosur are somewhat inflexible, perhaps because they want to keep the Brazilian market for themselves because it is the largest, is more dynamic, and has better prospects for the agricultural products of tropical climates in the Southern Cone."

He added: "Therefore, I believe that if they don't agree to share the Brazilian market with us, it will be difficult to negotiate an agreement that is beneficial for all."

Regarding future negotiations, Ortega expects a demonstration of good will from the countries involved.

Ortega also referred to the spirit of the Uruguay Round of the GATT and the signing of the agricultural agreement in Marrakesh.

He pointed out that the reorganization created by the Uruguay Round leads to more fluid international economic relations, which may open new prospects for international trade.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Ortega added: "We believe that reorganization will also contribute to the consolidation of an association agreement with the Mercosur."

Trade Talks With NAFTA, Mercosur, EU Viewed

PY1312012095 Santiago EL MERCURIO in Spanish 11 Dec 95 p A3

[Editorial: "European Union"]

[FBIS Translated Text] The postponement of trade negotiations with the EU represents a discrimination and another frustration for the bilateral tariff lifting strategy. The indefinite postponement of NAFTA negotiations was already reported last month, and the stagnation of the effort to join Mercosur [Common Market of the South] was learned over the past few days. Meanwhile, the EU intends to grant trade preferences to Mercosur. Thus, Chile will be the only regional economy to lack European concessions. Special conditions had already been granted to Andean countries as a way to support their actions against drug trafficking.

There are reasons then to look with skepticism at the commitment to free trade of the main European economies. Those countries keep strengthening their internal unity and that with the rest of the states of the same continent, but are reluctant to liberate transcontinental trade. This was demonstrated in their negotiations with the United States, which have yielded very little progress. The paradox of this behavior is that the European growth to a large extent complies with the development of their own exports and with a sustained penetration of the emerging markets.

It is possible that political difficulties that are affecting Italy, France, Spain, and other relevant governments will allow protectionist sectors to impose their interests to the detriment of international trade. Moreover, it is appropriate to think that the bureaucracy that has characterized the community organizations still prevail and keep hampering their integration with the rest of the world. Without detriment to the above, it would be suitable for the EU to explain the causes for the postponement to avoid distrust and incorrect criticisms.

There are reasons also to discuss the effectiveness of national foreign policy. The perception of an imminent agreement and of a preferential situation with the EU have existed for years past. It was mistakenly presumed that the advent of democracy and national growth would rapidly yield trade concessions from the European powers. The truth is different and the fact is that we have been postponed as compared to the rest of Latin America. It would seem that the achievements and opportunities the country offers have not been sufficiently promoted and appreciated, and the negotiations and tours made have not achieved their goals. Nevertheless, the EU decision should not discourage new rapprochement initiatives. Unlike what had happened with NAFTA, there is a propitious environment that can yield fruits later.

The president of the Republic has given an appropriate sign on suspending his trip to Spain to attend the signing of the agreement between the EU and Mercosur. On the same occasion a statement would be issued on the political, not trade, understandings between our country and the EU. Both actions should be stressed, although they do not fully meet national interests, and likewise, they do not justify the significant participation of the chief of state in them.

The postponement of the trade agreement with the EU is an additional reason to resume the process of lifting tariffs, which has been severed since 1991. National exporters demand improvement of competitiveness and the country must reaffirm its policy of trade liberalization independently from the decisions of other countries.

Colombia

President to U.S. Attorney General: No Extradition

PA1312040595 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0230 GMT 13 Dec 95

[From the "QAP News" newscast]

[FBIS Translated Text] Today, on the 50th anniversary of the Justice Ministry, President Ernesto Samper has replied to U.S. Attorney General Janet Reno's remarks. He has said once again that Colombia is not considering the possibility of reinstating extradition.

[Begin Samper recording] Therefore, tonight I wish to clearly and categorically reiterate that the extradition issue is not on the government's agenda. It is not, based on the National Constitution I vowed to respect when I took office, and because recent surveys have shown that an overwhelming majority of Colombians have clearly reiterated that they want Colombians to be judged by Colombian judges in their own language and by our own judicial system. The National Government has total confidence in the capacity of the Prosecutor General's Office and our judicial system to show the international community that our country's judicial system can provide a fair trial and an effective sentence for all those who violate the law. [end recording]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Strategy To Reach Inflation Goal Discussed

96CA0074A Santa Fe de Bogota EL ESPECTADOR in Spanish 2 Dec 95 p B1

[FBIS Translated Text] Santa Fe de Bogota—To attain the 17 percent inflation goal outlined yesterday by the Bank of the Republic board of directors for 1996, business owners, the government, and common, ordinary citizens will have to tighten their belts severely.

Revealing the objective pertaining to cost of living, the Central Bank required that the banks' credit to the private sector be increased between approximately 28 and 29 percent next year.

This means that business owners will have fewer funds available, considering the fact that, this year, loans from the financial to the productive sector have increased 35 percent.

Similarly, the Bank of the Republic stipulated that the current exchange spread will not be changed, which implies that the devaluation for the next fiscal year will be 13.6 percent.

To be added to the sacrifice of business firms is that of the government, which was requested by the Central Bank to attempt to make the non-financial public sector's consolidated fiscal deficit equivalent to 0.5 or 0.6 percent of the gross domestic product.

This represents a sharp reduction in available funds, because the fiscal deficit for this year is projected at 1.7 percent of the GDP.

To ensure the attainment of this deficit goal, it will be necessary to cut back the national government's budget and payments program for 1996.

In a communique issued last night, the Bank of the Republic stated: "The inflation trends will be reviewed periodically, and the board will make the necessary adjustments in the monetary, exchange, and credit policies to reach the inflation target."

It also announced that the board would soon establish supply of credit, basic, and near money brokers (plus M3), consistent with the goals for inflation and growth of credit set for 1996.

What Is Ahead

The fact that the banks' credit to the private sector will increase between 28 and 29 percent means that the supply of funds will be moderated, necessarily causing interest rates to rise.

Similarly, the rates will resist reduction, because the Central Bank announced that the money in the hands of the public will have a slow growth, to prevent the demand and, consequently, inflation, from shooting up.

This strategy of high interest rates necessarily implies that investment will be restricted, which will have effects on economic growth.

The obligation to cut the deficit and curtail spending means that the government must moderate its aspirations for the Social Leap, or increase revenues.

The 13.6 percent devaluation means that there will be a revaluation, in view of the fact that inflation will be 17 percent. This hurts exporters, who will receive fewer pesos for their dollars, and will lose competitiveness in the external sector.

On the other hand, importers will end up profiting, because their purchases abroad will be cheaper.

For workers and families, the goals agreed upon by the Bank of the Republic mean that their income from wages will be reduced, and that they will have to pay higher taxes to help cut the goverment's deficit.

Likewise, all types of official spending, including that for education, health, and social security, among other things, will be cut back, hurting the social programs devised by the Samper administration.

This severe belt-tightening is intended to prevent failure to meet the inflation goal again in 1996, as has occurred during the past three years, when the projections have failed, impairing the credibility of the Bank of the Republic board of directors.

Lora: Look Beyond Short-Term Indicators

96CA0075A Santa Fe de Bogota EL ESPECTADOR in Spanish 2 Dec 95 p 3B

[FBIS Translated Text] Santa Fe de Bogota—The most serious effects of the political confusion that the country is experiencing should not be sought in the current economic indicators.

The real consequences of the problem are that fundamental decisions for Colombia's development are being postponed.

This is the diagnosis submitted yesterday by the Foundation for Higher Education and Development (Fedesarrollo), in view of the fact that the public is becoming embroiled in the debate over short-term issues.

Eduardo Lora, the institution's director, claimed that there was an urgent need to adopt substantial measures relating to the educational and employment system, administrative decentralization, and the reorganization of the public sector.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Compared with these requirements, the debate on the growth of the gross domestic product this year, inflation, or any other indicator is irrelevant.

The problem is that, under the present circumstances, there is no political space for debating the truly important issues.

One example: the government currently lacks the capacity to make substantial spending cuts, even though this is indispensable owing to the difficult political situation that it is undergoing.

And, without the necessary environment, "those reforms could lead to worse things," remarked Lora.

Moreover, the fact that foreign investment has not been curbed as a result of what he termed the "political confusion" does not mean that the direct effects will not come later.

They could be translated into difficulties in implementing new international commercial agreements, or in obtaining U.S. certification relating to control of the drug traffic, among other things.

More Inflation

Nevertheless, Lora agreed to comment on the current economic situation. He claimed that it would be very difficult to reduce inflation to 17 percent levels in 1996, as the government has specified in its budget.

He explained that, next year, there will be major factors exerting pressure, such as the effect from the cumulative devaluation, the increase in the VAT and in power rates, and the possible smaller food supply due to the cyclical status of agriculture.

Added to this is the rise in the minimum wage, in which recognition will have to be given for its deferment inherited from 1995, when the inflation goal was not met.

Furthermore, although the Social Pact was supposed to have some effect this year, it was not sufficiently reinforced, and by 1996 it will be impossible "to repeat the dose based on a partial success," as Lora commented.

Arguing for his opinion, he asked: what more could this strategy achieve? Even longer postponement of the decision to raise rates for services, such as those for power? Curtailment of the minimum wage? "The pact has already contributed what it was intended to contribute," he emphasized.

Among the problems associated with that plan, he noted that, regardless of how strenuously a pact on prices is sought, it is highly complicated to exercise control over them.

Besides, the macroeconomic and fiscal policy would have to be more stringent with a pact than without it, and that requirement has not been met.

Consequently, he claimed: "We view a 15 percent inflation goal with tremendous doubt. It would have to be budgeted, but it is very difficult to implement."

Lora on Inflation, Growth Projections

96CA0076A Santa Fe de Bogota EL ESPECTADOR in Spanish 3 Dec 95 p 3B

[Commentary by Eduardo Lora, Director of the Foundation for Higher Education and Development (Fedesarrollo)]

[FBIS Translated Text] In 1995, the economic growth will not be very far from 5 percent, and inflation will stand at nearly 20 percent. Ostensibly, this is a great success for the macroeconomic policy...until the details are analyzed more carefully.

Signs of a Slowdown

Despite the good growth, there is no longer any doubt of the slowdown in demand, and its effects on certain economic sectors.

What had been presaged by the business opinion polls has now been confirmed by the DANE [National Administrative Department of Statistics] figures. During August, industrial production declined, and the cumulative growth dropped to a sluggish 3.6 percent, with a clear downward trend. Incidentally, that 3.6 percent is the same figure projected for industry several months ago by Fedesarrollo. Now, it appears overly optimistic.

The recession in urban construction also has been confirmed. According to the Camacol [Colombian Construction Board] surveys, during the past two quarters the initiation of new projects in Bogota declined by over a third. No one disputes the fact that the situation in Cali is at least equally serious.

In commerce, the slowdown in sales has been known for months, with a reduction from figures of approximately 7 percent last year to rates of about 3 percent this year.

The growth in the GDP predicted for 1995 apparently does not tally with this record. Nevertheless, there are three factors explaining it. The statistical fiction produced by the exaggerated growth in public spending and government services; the petroleum sector's expansion, which is, in fact, real; and the presumed recovery of coffee production.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Since the slowdown in demand is just now beginning to be reflected in the performance of productive activity, not much dynamism is to be expected in the non-petroleum private economy during 1996. This is especially so when the inflation targets are taken into account.

Inflationary Pressures

To preserve their honor, the economic authorities will have to set the inflation goal for 1996 lower than the 18 percent that was the target in 1995. However, it will be very difficult to reduce inflation again, for a series of good reasons.

In the first place, the inflationary effect of the recent dollar devaluation remains to be seen in its entirety. Usually, for every three points of increased devaluation, inflation rises by one point. Now then, in 1995 the devaluation will exceed that of the previous year by at least 15 points, and most of that inflationary pressure will be felt in 1996. Secondly, there will be the effect of the increased VAT, which could add something like half a point to inflation, all at once. Thirdly, there will be an inflationary impact from the Social Pact, strange as it may seem. In fact, during 1996 it will be necessary to make up for the lag in the program to raise electric power rates, owing to the 1995 pact. Moreover, the lag in the minimum wage will have to be eliminated, because of the fact that, this year, the 18 percent inflation goal will not be fully met. The latter was the basis for the promise made of a 2.5 point improvement in real minimum wages. Fourthly, food prices could take a bad turn next year, because they have performed very well this year, and that is usually translated into a smaller supply the next year. Finally, the government, as usual, will be ready for excessive spending, because the promises of increased social spending will once again take precedence over the commitments to fiscal adjustment and increased efficiency. Fortunately, some of these pressures will be counteracted by the slowdown in private demand, and most assuredly, by an exceptional devaluation in Venezuela, which will make the products coming from that country cheaper.

The basic picture is clear: stagflation Colombian style. This means that, although the GDP will continue to grow at modest rates, the non-petroleum private economy will not have the dynamism of past years. With an industrial growth of less than 3 percent, there will be a recession, as we understand this term in Colombia.

On the other hand, there will be inflationary pressures that will make it very difficult to repeat the 1996 [as published] results. But the Bank of the Republic will firmly oppose any rise in inflation.

This means that interest rates will be kept high, regardless of how depressed the demand for credit becomes.

It also implies that the Central Bank will not yield to the siren songs calling for an upward move in the exchange spreads and making room for speculators.

On the contrary, it may possibly use all means to exhaust their ammunition: in other words, liquidity; thereby keeping the market exchange rate a safe distance from the exchange spread.

Rural, Urban Unemployment Figures Examined

96CA0077A Santa Fe de Bogota EL TIEMPO in Spanish 4 Dec 95 pp 1, 5B

[Article by economic staff writers Luis Alberto Lopera and Jacqueline Guevara Gil]

[FBIS Translated Text] The government's employment plan has begun to slip. According to the official program, during the first year at least 400,000 jobs were supposed to be generated, but the fact is that it has only succeeded in meeting half that goal in both the rural and urban areas.

The last investigation by the National Administrative Department of Statistics (DANE) on the performance of employment and unemployment leaves no doubt. Between September 1994 and September of this year, the economy generated 224,655 new jobs.

The preceding means that the economy as a whole is generating approximately 18,700 jobs per month, whereas, according to the promise, the number should be over 33,000.

The performance of the unemployment rate, also analyzed last week by the Foundation for Higher Education and Development (Fedesarrollo), does not measure up to what was expected. Hence, in its latest issue of COYUNTURA SOCIAL it claims that the chances of the Samper government's meeting its target of generating 1.6 million jobs "are very remote."

Since the necessary jobs are not being generated, and people are continuing to go to the job market offering their labor, the number of unemployed also has increased within the past 12 months, especially in the urban areas.

As of September of last year, in the country's five urban regions (Atlantic, Eastern, Central, Pacific, and Bogota), and in the rural areas, there were slightly over a million persons seeking a job opportunity. And, 12 months later, that "army" was joined by another group of 155,613 persons.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The total number of Colombians still waiting for a job opportunity approached 1.2 million persons, 851,622 of whom are located in urban areas, and 329,840 in rural areas.

Although the unemployment rate in the rural zones is relatively low, compared with what is shown in the cities and towns, the fact is that it has risen during recent years. According to some analysts, that situation may have become a breeding ground for the heightening of insecurity and guerrilla violence.

Whereas, during 1991, there were 247,156 unemployed in the country's leading rural zones, by last September that figure was already approaching 330,000. During that period, a total of over 82,000 peasants went out seeking a job opportunity, and did not find it. And this occurred despite the fact that, for the collection of the coffee crop, there has been a desperate search during the past few months for about 25,000 collectors in the producing zones.

According to the Household Survey taken by the DANE in the seven leading cities every three months, the unemployment level apparently was lower.

The figure given for the third quarter shows 8.7 percent unemployment in Bogota, Medellin, Cali, Barranquilla, Bucaramanga, Manizales, and Pasto: one point higher than in September 1994.

However, when the urban survey by regions, which is conducted only in September, was made, the results showed that the unemployment level was higher.

The 8.7 percent unemployment rate meant that there were 472,201 persons seeking work in the seven leading cities during September.

But, when the urban zones of the country's five main regions were counted, it was found that the unemployment rate rose to 9.4 percent: nearly a point and a half higher than a year ago. This means that the total number of unemployed increased to over 851,000 persons.

Apart from the fact that nearly 1.2 million persons are calculated to be seeking a job opportunity in the country, we should remember that many of those counted as employed are really under-employed.

The DANE report clearly explains that those who worked at least one hour per week on the production of goods and services, during the data collection period, are counted as employed. Also counted as such are unpaid family workers who worked at least 15 hours per week.

The latest DANE investigation reveals that more jobs are being generated in other urban regions besides those analyzed quarterly.

According to the September quarterly survey, in the seven principal capitals only 47,000 jobs were created during the first year of the Samper administration.

Nevertheless, when other urban areas, obviously including the seven principal capitals, are analyzed, the total jobs generated amount to over 167,000. This means that 120,000 additional jobs were generated in other urban areas (see table).

What Is Happening?

As for the lesser generation of employment in the urban areas, it is clear that the slowdown in the economy, which was restrained by the severe tightening of the money supply to curb interest rates and inflation, began to have its effect.

Sectors such as construction and commerce, which have been typified as being the main sources of unskilled employment, are now showing a growth rate far lower than what they had in previous years.

We need only recall that, last year, commercial retail sales showed over 7 percent growth, which has now declined to half that number (3.6 percent). And construction, which showed a 12 percent growth rate, also is plummeting. According to the latest DANE report on permits approved, during the first nine months of the year the increase was 4.8 percent. And that occurred despite the fact that many permits have been left stored in the builders' desks, because there is no demand.

Furthermore, industrial growth, which showed a rate of over 6 percent during the first few months, has now declined to about 4 percent, with an appreciable reduction in the total job slots.

Fedesarrollo reveals that the technological modernization of business firms, generated by the process of openness and reconversion, has produced a lesser demand for unskilled workers.

What is most disturbing in all the analyses and projections made in recent months is the fact that the growing uncertainty due to the political crisis facing the country has prompted many to postpone their investment decisions. This will begin to be noticed in production and employment during the first half of next year.

Besides the uncertainty, it must be realized that the tax hikes generated by the tax reform, combined with the increased contributions to social security, also will ultimately affect the generation of new jobs.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Employment and Unemployment, September 1994-95

	Employed		Unemployed		Variation	
	1994	1995	1994	1995	Employed	Unemployed
Urban	8,049,218	8,216,665	706,380	851,622	167,447	145,242
Rural	5,439,403	5,496,611	319,469	329,840	57,208	10,371
Total	13,488,621	13,713,276	1,025,849	1,181,462	224,655	155,613

Graphic: Editorial Design/EL TIEMPO

Unemployment Rate — Five Urban Regions (In percentages)

Year	Rate
1991	9.4
1992	9.0
1993	8.7
1994	8.1
1995	9.4

Graphic: Editorial Design/EL TIEMPO

Rural Unemployment Rate (In percentages)

Year	Rate
1988	4.6
1991	4.2
1992	4.4
1993	4.4
1994	5.6
1995	5.7

Graphic: Editorial Design/EL TIEMPO

Ecuador

Interior Minister Rules Out Prosecution of President

PY1212193295 Madrid EFE in Spanish 1317 GMT 12 Dec 95

[FBIS Translated Text] Quito, 12 Dec (EFE) — Ecuadoran Interior Minister Xavier Ledesma reconfirmed today that Ecuadoran President Sixto Duran-Ballen will not be included in the criminal action for the presumed unlawful use of Vice Presidency discretionary funds, because he has not interfered in the investigations by the Supreme Court of Justice (CSJ).

In an interview with the local television station "Ecuavisa," Ledesma said the CSJ criminal action against former Ecuadoran Vice President Alberto Dahik, who fled to Costa Rica, "in no way involves the president of the Republic."

"I do not fear this (Duran-Ballen being prosecuted) because there is no real chance it could happen," Ledesma added a few hours before former Banks Superintendant Jose Iturralde ratified before the CSJ his remarks on presumed government pressure to thwart investigations into the so-called "Dahik case."

During his first appearance before the CSJ, Iturralde said he was pressured by the government not to hand over the key and the code numbers of the Central Bank's safe where the microfilms containing the accounts of the secret expenditures by the Vice Presidency are kept, and which are now the object of judicial investigations.

Duran-Ballen's denial of Iturralde's remarks resulted in the latter threatening to reveal the names of those who "pressured" him if he is called a "liar."

CSJ President Carlos Solorzano expects Duran-Ballen to send this week a written sworn statement on whether he knew the contents of the microfilms, of which at a given moment he became the sole custodian through a controversial decree which has now been annulled.

Even the church is involved in the so-called "Dahik case," in which five arrest warrants were issued although none have been carried out: Cardinal Bernardino Echeverria said he received money from the Vice Presidency discretionary funds.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Supreme Court Head on Attempt To Destroy Account Data

PY1312021995 Quito Voz de Los Andes in Spanish 2300 GMT 12 Dec 95

[FBIS Translated Text] Carlos Solorzano, president of the Supreme Court of Justice, today asserted that someone tried to destroy the microfilms containing information on the secret bank accounts administered by former Vice President Alberto Dahik.

Solorzano told journalists that he was informed that someone had tried to use chemicals to erase the microfilms of the Pacifico Bank containing information on the checks issued by Juan Mario Crespo and Gladys Merchan.

The Supreme Court president disclosed this information after former Bank Superintendent Jose Iturralde today accused president Sixto Duran-Ballen of concealing the corruption case in which Dahik is involved.

Crespo and Merchan, former private secretaries of Dahik, are involved in the penal trial against the former vice president charged with alleged embezzlement of public funds.

Solorzano said that he even knew that the Pacifico Bank may have imported special chemicals, not usually sold for this purpose.

Dahik had three current accounts in the Pacifico Bank, where he had deposited discretionary funds.

Solorzano explained that since the chemicals could not been used an attempt was made to cut out the portion of the microfilms containing information on Crespo's and Merchan's accounts.

Solorzano said he learned about this during a meeting with an employee of the bank superintendency.

The microfilms are currently stored in the Central Bank vaults.

Former Bank Official Fears 'Reprisals' Over Dahik Case

PY1312022695 Quito Voz de Los Andes in Spanish 2300 GMT 12 Dec 95

[FBIS Translated Text] Former Bank Superintendent Jose Iturralde has said that he fears for his life after accusing President Sixto Duran-Ballen of concealing the corruption case involving a former vice president.

Iturralde said he feared someone would try to kill him or some relative. He said: I may be the target of reprisals, so in view of this possibility I have addressed some confidential, secret notes to the president of the Republic and the minister of government.

Iturralde today testified before the Supreme Court of Justice within the framework of the penal trial against former President Alberto Dahik charged with the embezzlement of funds.

In his statements, Iturralde said that Duran-Ballen had proposed to him travel to Venezuela to avoid the Supreme Court president's insistent request to hand over microfilms related to the case.

The microfilms give a detailed account of the bank accounts administered by Dahik, who fled from Ecuador after the court issued a warrant of arrest against him. Dahik is now in Costa Rica where he has requested political asylum.

Iturralde mentioned several ministers of Duran-Ballen's cabinet and the president of the Monetary Board, Ana Lucia Armijos.

He said that he has been careful to inform outstanding Ecuadoran personalities about the notes he has issued so that they may be used should he be the target of an attack.

Despite his fears, Iturralde said he has not received any threatening phone calls yet.

Officials Seek Investigation 'Delay' on Dahik Case

PY1312023395 Madrid EFE in Spanish 1949 GMT 12 Dec 95

[FBIS Translated Excerpt] Quito, 12 Dec (EFE) — It was learned today that Ecuadoran Industry Minister Jose Vicente Maldonado; Administration Secretary — which carries the rank of minister — Carlos Larreategui; and Monetary Board President Ana Lucia Armijos have imposed pressure to delay investigations into the so-called Dahik case.

Former Bank Superintendant Jose Iturralde has said that three members of the Ecuadoran Government have pressured him not to give the keys and the code of the Central Bank's safe, where the microfilms containing the Vice Presidency accounts are kept and which are being investigated for the alleged unlawful use of the money from these accounts.

Iturralde added that Ecuadoran President Sixto Duran-Ballen; former Interior and Finance Ministers Abrahan Romero and Mauricio Pinto, respectively, among others, have tried to send him to Caracas on an official mission to prevent him from handing over the copy of the codes and of the key.

Referring to the supposed pressures imposed by Armijos, he said: "She used to tell me not to hand over (the copies) of the key and of the codes and that as a last

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

resort to delay that matter as much as possible and to be careful in handing over those codes, and for this reason I told her that she is the boss at the Monetary Board and I at the Superintendency."

Iturralde said he fears for his life and that for this reason he had sent letters warning about possible attacks on him or his family, to Duran-Ballen and to Government Minister Xavier Ledesma.

Maldonado today rejected the accusations made by Iturralde before the Supreme Court of Justice (CSJ) and said that the government has not interfered in the judicial investigations.

During a news conference Maldonado said: "I believe Iturralde is trying to alarm and deceive public opinion and especially the CSJ president." [passage omitted]

Peru

Paper Reports Arrest of MRTA Members in Bolivia

PY1212163195 Madrid EFE in Spanish 1513 GMT 11 Dec 95

[FBIS Translated Text] Lima, 11 Dec (EFE) — The Lima newspaper EXPRESO reported on 11 December that members of the Tupac Amaru Revolutionary Movement (MRTA) were captured in Bolivia and that they will be extradited to Peru in the next few hours.

Citing police sources, the newspaper said that Hugo Avellaneda Valdez is among the alleged detainees, whose exact number has not been officially disclosed. He is one of the founders and top leaders of the MRTA.

EXPRESO stated that the terrorists were arrested "thanks to the valuable information provided to the Bolivian security forces by the National Counterterrorism Directorate (Dincote)."

It was reported recently that a group of Dincote agents led by Colonel Juan Gonzalez Sandoval had traveled to Bolivia after clues on the presence of the MRTA members in this country were detected.

The newspaper also said that the Bolivian Police are closely following the activities of a group of 10 Peruvians who sought refuge in Bolivia some years ago after they declared themselves members of the "emerretist" gang, as it is called in Peru.

The Dincote reported that the MRTA members coordinated their subversive activities with the Movement of the Revolutionary Left (MIR) in Bolivia.

EXPRESO also reported that the Dincote has sent other groups of detectives to Panama, Nicaragua and El Salvador to coordinate the capture of other "emerretists" who are hidden in those countries.

Meanwhile, Luis Achahui, the defense attorney of U.S. citizen Lori Berenson, charged with being an MRTA member, acknowledged on 11 December that the woman pretended to be a journalist and that she was in Nicaragua and El Salvador before arriving in Peru.

Achahui stated, however, that Berenson, 26, was "deceived" by the MRTA, and forced to cooperate with them.

Minister Views Reports on Ecuadoran Arms Purchases

PY1212183495 Lima America Television Network in Spanish 0100 GMT 12 Dec 95

[FBIS Translated Excerpt] Peruvian Foreign Minister Francisco Tudela has stated that reports to the effect the Ecuadoran Government is purchasing Israeli weapons are disturbing. He added that the Peruvian Foreign Ministry is holding the proper consultations with the U.S. Government, which must authorize this purchase.

Tudela made comments in this regard after decorating Peruvian historian (Gustavo Pons Muzzo), who was awarded the Order of the Sun.

[Begin recording] [Unidentified reporter] [passage omitted]

During a news conference held at the end of the ceremony, Foreign Minister Francisco Tudela said that reports to the effect Ecuador is purchasing Israeli weapons are disturbing. He warned, however, that Peru will not follow in Ecuador's steps.

Moreover, he stated that those foreigners arrested in Peruvian territory on charges of perpetrating terrorist activities will be tried in compliance with Peruvian laws.

[Tudela] Well, we believe that the purchase of these planes is a disturbing fact. This is a sovereign decision adopted by Ecuador, and as such it cannot be impugned; we are, nevertheless, concerned. This notwithstanding, if reports about the acquisition of these aircraft are true and if this acquisition is authorized, it would represent an altering of the current military balance in the region.

[Second unidentified reporter] What is the current situation with the Panamanian and U.S. governments regarding the arrests here in Peru of individuals connected to the MRTA [Tupac Amaru Revolutionary Movement]?

[Tudela] In international law there is what is known as the municipal principle, by which all foreigners arrested in a given country are subject to the laws of that country. [end recording]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Venezuela

Defense Minister: Armed Forces 'Apolitical'

PA1212144595 Caracas Venezolana de Television Network in Spanish 0200 GMT 6 Dec 95

[FBIS Translated Text] Defense Minister Division General Moises Orozco Graterol made it clear at Miraflores Palace today that the Armed Forces are apolitical and, therefore, have no intention of hurting or benefiting any partisan organization. Orozco reiterated that the Armed Forces' commitment lies solely with the Venezuelan people, to whom they must guarantee their peace and safety.

Orozco said the country is in a state of complete and absolute normalcy, regardless of 4 December's outbreaks of unrest in the states of Lara and Zulia, where preventive measures were taken to avoid mishaps. Orozco warned, however, the Armed Forces will remain on alert for any breach of the peace:

[Begin recording] [Orozco] We have mechanisms we can put in place anywhere in the country, such as yesterday's military contingent, in an hour's time. We are willing to implement measures to guarantee the peace, safety, and calm....

[Reporter, interrupting] How long should Lara State remain under military occupation?

[Orozco] It all depends on the electoral process; that is, on how long it takes to count the votes. If the primary electoral boards conclude the count and proclaim all the winners in the elections today, we will retreat to our headquarters and deactive, to put it this way, the mechanisms we had in place for that purpose. [end recording]

Ministry: Issues With Colombia To Be Settled Bilaterally

PA1212145295 Caracas Venezolana de Television Network in Spanish 0200 GMT 6 Dec 95

[FBIS Translated Text] The Foreign Ministry has reiterated that Colombian-Venezuelan affairs are to be settled bilaterally and not at international forums, as Colombian Deputy Foreign Minister Diego Cardona said on 4 December. Acting Foreign Minister Milos Alcalay has read the communique the ministry has issued:

[Begin Alcalay recording] First, Venezuelan Foreign Minister Miguel Angel Burelli Rivas and Colombian Foreign Minister Rodrigo Pardo assessed Cardona's statement during the meeting of ministers from the countries of the Treaty of Amazon Cooperation, which is under way in Lima, Peru, made an assessment of Cardona's remarks, and agreed to affirm their decision to settle Colombian-Venezuelan affairs bilaterally. Second, Foreign Minister Burelli and his Colombian colleague have rejected the statements Deputy Foreign Minister Cardona made and reiterated their commitment to the 4 November declaration, which agreed to create a joint commission consisting of representatives from the foreign and justice ministries of the two countries with a view to investigating the facts surrounding the Sierra de Perija incidents that occurred on 8 and 9 October.

Caracas, 5 December 1995. [end recording]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication produced by the Foreign Broadcast Information Service (FBIS). Its contents in no way represent the policies, views, or attitudes of the U.S. Government.

FBIS collects, translates, disseminates, and analyzes foreign open-source information on behalf of the U.S. Government. Its publications may contain copyrighted material. ***Copying and dissemination is prohibited without permission of the copyright owners.***

— Bracketed indicators before the first sentence of each item describe the way in which the material was processed by FBIS.

— Headlines and all bracketed explanatory notes are supplied by FBIS.

— Personal and place names are rendered in accordance with the decisions of the U.S. Board on Geographic Names as adapted by FBIS. Unverified names in radio and television material appear in parentheses and are spelled phonetically; words and phrases in parentheses preceded by a question mark are unclear in the original and deduced from context.

SUBSCRIPTION INFORMATION

U.S. Government Customers

For a list of FBIS products, to subscribe to an FBIS publication, or to indicate a change of address contact:

FBIS
P.O. Box 2604
Washington, DC 20013-2604
Telephone: (202) 338-6735
FAX: (703) 733-6042

Non-Government Customers

Subscriptions are available from the National Technical Information Service:

NTIS
5285 Port Royal Road
Springfield, VA 22161
Telephone: (703) 487-4630
FAX: (703) 321-8547

New subscribers should expect a 30-day delay in receipt of the first issue.